HENRY CLEWS' REVIEW

(Special to The Citizen.)

NEW YORK, Jan. 23.—The event of the week has been the successful placing of London subscriptions to the new Russian loan, the balance of which has long been held over the foreign money markets. Preparations for the loan have been made months in advance; hence the slight effect upon the world's money market. Since Paris has been accumulating part of its immense stock of gold to finance this loan, it remains to be seen whether the Bank of France will continue to draw gold or whether it will cease its efforts in this direction. The international gold movements will be watched with considerable interest the next few weeks.

Just now our money market is being subjected to a number of unusual demands. Gold has recently been exported to about $7,000,000, and the current movement is expected to reach $25,000,000 to $30,000,000. The trust companies will shortly be obliged to withdraw $40,000,000 to $50,000,000 before February 1 to comply with requirements of the reserve law. Much of this will probably be provided for in advance; nevertheless considerable sums must be temporarily withdrawn from the money market in such an operation. Again, the government deficit necessitates the withdrawal of public deposits from the banks, and about $15,00,000 will be surrendered on January 23, also another $10,000,000 on February 10. If to these requirements we add the obligations incurred by recent heavy bond issues, it will be found that the demands upon capital abroad are also on an extensive scale. So far as the banking situation at home is concerned there is not the slightest cause for concern. Our banks are exceedingly strong, and the great expansion in loans which has taken place during the last few months is shown to be amply protected by the large increase in resources. Owing partly to the quietness in business and partly to the expansion of our curency, our banks are almost surfeited with idle money.

The causes for this state of affairs are not satisfactory, and it would be pleasing to see trade more active and our currency contracting at a time when it is not needed. Yet there is reason for confidence in the general strength and soundness of the banking situation. For all legitimate enterprises there is an abundance of money, which will eventually be a powerful stimulant towards recovery. Funds are returning freely from the interior, and we can readily spare gold to Europe if needed. Indeed, some of our bankers would gladly see an efflux of more liberal proportions provided it resulted in slightly stiffening interest rates. But much depends in this respect on the course of events in Paris, where the urgency for accumulating gold will probably disappear or moderate now that the Russian loan is out of the way. Much, too, depends on the policy of the Bank of England, which has been anxious to strengthen its reserves and may now find it more easy to do so. At best the outlook for money in the foreign money markets is uncertain, and the tone of financial affairs over there is one of decided conservatism if not of depression.

Indiscreet buying of stock has been discouraged recently by conservative commission firms. The idea that prices were held at too high a level is now permeating almost all classes of opening from the big financial leaders to the small investors; therefore, the process of readjustment which has been long delayed is in progress. Security values have already had a moderate shrinkage; and as the short interest grows there is more or less buying to cover and resulting rallies. But no general pronounced recovery is in sight, and cannot be expected until liquidation is more complete and unfavorable conditions have been adequately discounted.

A most unsatisfactory feature at the moment is the universal dullness of trade. January is proving a decided disappointment in this respect and the volume of business will unquestionably be considerably below that of December. The iron trade is exceedingly quiet, and not employed to more than half its capacity. Railroads have ceased placing orders mainly because they have satisfied urgent requirements and are inclined to postpone further orders in expectation of securing further concessions in values. Railroad traffic returns, moreover, are not satisfactory, as shown by the continued large number of unemployed cars. Tariff agitation is also a deterrent upon business, much more so than deserved, but there are many who hesitate about making future commitments so [illegible] there is uncertainty in this respect. It is [illegible] right with [illegible] that no tariff changes are possible within six months and perhaps [illegible] twelve months so that the tariff will be revised [illegible] its friend and at a time when our industries were never so little in need of protection. Some of our industries have been so accustomed for years that the mere suggestion of the withdrawal of support causes a shiver. Time, however, will show that no injurious changes will be made and that an ample period will be given for readjustment. With the 4th of March a new administration comes in, and Mr. Taft was committed [illegible] a special session of congress [illegible] tariff changes, this being imperative for the redemption of party pledges. Discussion may easily last until June or July, and the new tariff acts do not usually go into effect until six months after passage. Judging by developments at recent tariff hearings a stiff fight will be made against injurious reductions, and because of weak democratic opposition such efforts are likely to succeed. Nevertheless, in the case of many it will be a period of uncertainty and postponement, and right or wrong, such ideas will temporarily govern. Meanwhile, some of our largest industrial concerns dependent on the tariff are going along accepting all the orders they can secure without regard to tariff possibilities. It is also significant that importers' shelves are unusually bare of supplies; and large imports are expected in spite of possibly lower duties. The brightest spot in business at present is in cotton good, for which there has been a good demand, especially from the interior. The prevailing indications, however, are for a period of quiet and readjustment in general business which may last until the tariff is settled, or some idea is obtainable regarding the next harvest.

Operations on the stock exchange dwindled down to one-half their usual volume. Many big operators absented themselves from the "street," and the investment demand suddenly subsided; new bond issues going much more slowly than two weeks ago. There is danger of congestion in the latter respect, the new issues since January 1 having been all out of proportion to capacity of the investment demand. Some time will be required for the absorption of new issues, not only in New York, but in London, Paris and Frankfort, where the recovery has not been so violent as in the United States. Foreign financial markets, it should be borne in mind, have strengthened themselves at our expense by a much larger return of securities than has been generally appreciated.

HENRY CLEWS.

BURTON'S REVIEW.

NEW YORK, Jan. 23.—At the end of the week the price of stocks, figured on an average, was practically unchanged. Fluctuations for trading days were narrow and moved sluggishly up and down, until near the end when there was a spurt due to several causes. One was the declaration of the regular dividend on amalgamated; another was the optimistic interview issued by James J. Hill and the third was a semi-official statement that the public service commission would permit the Erie to issue the $3,000,000 of bonds, the proceeds from which are necessary to keep the road out of the hands of a receiver. These three things resulted in traders overlooking several matters of importance. One is the annual report of Amalgamated to be issued soon which will be one of the poorest in a long time. Another is that the accumulation of copper metal is greater now than at any time since 1886. The production is exceeding the consumption and the price of metal has been declining both here and abroad. In the face of this, the pool, on the declaration of the usual copper dividend advanced prices of copper stocks sharply.

Not only is the copper trade dull and weak, but there has been a falling off in steel and iron orders, due to tariff agitation. Yet the steel shares have shown more strength in the last two or three days than for some weeks. This is due to the fact that the report for the last quarter of 1908 will be issued in a few days. This report will be a good one and will cause those interested in speculation to overlook the fact there has been a falling off in business since the first of the year.

The Japanese scare had little effect in the financial district. The people of the East feel that a method will be found to prevent one faction jeopardizing the peace and prosperity of the whole country. For this reason the efforts of certain politicians in California to stir up strife has not unsettled the money or stock markets of the world.

During the week the cotton market became strong and active and prices advanced to the highest point for the season. Another interesting feature was the campaign started to have the anti-option laws of the Southern states repealed. One of the men most prominent in having these laws passed came out in an open letter to the planters urging the repeal of the laws and showing that their passage had cost the planter and farmer more than $300,000,000. It has thus taken the South less than two years to discover what it has taken Germany ten years to learn. The anti-option laws of that country have worked great hardship and it has only been within the past year that a movement to force the repeal of the laws has been started.

While business is making time, it is certain that a slow improvement is going on and it is safe to predict that with good crops the coming season the end of the year will see prosperity on a firm foundation, and 1910 will start with a boom which will make it the banner year in the history of the country.

J. R. BURTON.

FINANCIAL REVIEW

(By Associated Press.)

NEW YORK, Jan. 23.—The speculation in last week's market was without initiative, and the volume of activity dwindled to little more than half a million shares as the daily average. There were some wide movements in special stocks, mostly of a minor class, but these were little more than a play over the surface of the market. Rumors of railroad deals still play an influential part in the speculation. These pointed mostly to smaller systems in the southwest, but the seaboard soft coal carriers and the Wabash appeared from time to time in the reports current. A day to day rumor was the action to be taken by the New York public service commission on the Erie's request to issue $30,000,000 bonds.

The demand in the London market for gold at the opening of this week is looked to as the decisive index of this question. The relaxation of the pressure on London for gold during the week and the fact that the Bank of England governors refrained from a further advance in the discount rate had some reassuring effect as the week advanced and pointed to the definite conclusion that Paris demands for gold would not be pushed further.

The rate of recuperation in trade and industry is admittedly slower than was hoped for. The fact is not relished that the last fortnightly increase in the number of idle freight cars if once repeated would bring the surplus up to the maximum touched in the depth of the business depression last summer. Another influence on the steel trade is the expected tariff revision, buyers looking for price readjustments to conform to new rates.

Some such effect on other lines of business is considered possible. The depression of the copper industrials has caused a drag on the general market. From the standpoint of the investment demand for well secured capital issues, especially bonds, the effect of the money glut has been most helpful to the financial plans of railroads and industrial corporations and continual new bond issues are readily taken up.

PERSONAL

Mr. M. W. Bell of Murphy was in the city yesterday.

—:—

Mr. F. J. Holton of Greensboro is in Asheville on business.

—:—

Mr. R. J. Saunders of Avelia, N. C., is spending the week end with Asheville friends.

—:—

Mr. N. J. Marsh of Salisbury is here for a short stay.

—:—

Mrs. P. Briggs and Miss Theresa Briggs of Black Mountain were shopping in the city yesterday.

—:—

Miss Nona Bumgarner of Sylva, is visiting friends in the city.

—:—

Mr. D. S. [illegible] and Mr. A. T. Fisher of Whittier are spending several days with friends in the city.

—:—

Mr. Eugene Sawyer returned yesterday from New York city where he has been attending the automobile show in Madison Square Garden.

—:—

Yesterday afternoon at her home in Woodfin, Miss Sadie Foster entertained a few of her young friends.

—:—

Mr. Jas. Chilton is registered at the Swannanoa hotel.

—:—

Attorney Moore of Webster is in the city on business.

—:—

Miss Minnie Cash of Weaverville was here yesterday.

—:—

Quite a number of the students of Weaverville college were here yesterday for the day.

—:—

Captain Perry is here from Salisbury after an absence of a few months.

—:—

Mr. A. A. Featherston is much improved after an illness of two weeks at his home on Woodfin street.

—:—

Mrs. Duffield Hilliard leaves for Washington, D. C., within several days where she will spend the winter.

—:—

Mr. N. A. Bradley has returned from Atlanta, where he went to attend the coca cola convention.

—:—

Miss Mary Gorman has gone to Charleston, S. C., to spend the rest of the winter with relatives.

—:—

Mr. and Mrs. Frank Murchison of Cincinnati are spending the season in Asheville.

—:—

Mr. R. Lee Ellis has returned from Atlanta, where he went to attend the coca cola convention.