THE FINANCIAL SITUATION

The first business week of 1901 is the phenomenal week of New York Stock Exchange history. New records have been made every day, many of them extraordinary. In volume of transactions past business has been far outreached, the tickers of the Stock Exchange being on several days unequal to the task of quoting anything like the actual volume of the trading. It has been, however, in the news developments of the week and the security market sequels that what is most important has taken place.

Finally, the great banking syndicates seem ready to make disclosure of the far-reaching plans which for more than a year they have been rounding out for the betterment of the railway situation of the country. A deal, involving hundreds of millions of capital, and, directly and indirectly, tens of thousands of miles of railway, is semi-officially acknowledged—the Chicago, Milwaukee and St. Paul system being brought into alliance (practically a consolidation) with the Great Northern and the Northern Pacific properties. Complete official announcement follows of absorption by the Reading Company of the Central Railway of New Jersey. These two events, tremendous as are the interests they involve, are (according to trustworthy authorities) relatively small beside others that impend. The anthracite coal industry is forthwith to be brought into actually concentrated ownership. And the Eastern trunk line situation is to be benefited by still further consolidations. In the Vanderbilt properties of the Central West developments are likely to be announced soon, various systems being brought into closer operating relations. In the Southern and Southwestern field negotiations aiming at important results are progressing.

That we have entered upon a corporation consolidation era is no longer a matter of theory merely.

Progress of the negotiations in the St. Paul-Great Northern-Northern Pacific deal has been attended by an increase of 30 points and more in the market price of St. Paul common stock. It gained over 10 points during the past week. A guarantee of future dividends and the immediate distribution of aggregated surplus are promised. This is the deal of J. P. Morgan and James J. Hill. The progressing coal deal is underwritten by Mr. Morgan, W. K. Vanderbilt, and A. J. Cassatt. Standard Oil millions are advancing Rock Island developments, some current reports having it that Mr. Rockefeller proposes a Southwestern combination which will join the Rock Island and Missouri, Kansas and Texas mileage. Mr. Rockefeller's announcement that he is an important holder of Rock Island stock has occasioned considerable Wall Street surprise, and is taken to be more than superficially significant.

It is the confident anticipation of interested financiers that profitable results will quickly follow the execution of the new policy of concentration. They count upon substantial reduction in cost of operation. The elimination of special expenses made necessary by competition will provide vast economies. What will be more productive of net profits will, however, result from the ability of the railroads to advance traffic rates and to make rates stable. What this means for the great properties of the country is too much for ready calculation. Without making new rates which can be considered extortionate, without imposing burdens upon the public, net results, (so interested bankers calculate,) material increase, will be shown in funds available for dividends. It is not sentiment that promotes these new consolidations. It is all business.

Though Wall Street has had such a week of buoyancy, the average professional speculator on the Stock Exchange has not much profited. The room trading contingent has been fighting the market ever since it started its November advance; and early during the past week—on the very eve of the sensationally helpful developments—most of the "talent" of the Street plunged on the short side. On Thursday the market was pounded all day long by the professionals. They sold the whole list. Conspicuous commission houses were given heavy selling orders to promote the impression that liquidation was in progress. Similar sales were made on the London Exchange before business began here, and that was supplemented by the use of arbitrage firms later in the day, rumors being given wide circulation that trouble abroad was inducing both London and Berlin to throw American stocks overboard. Quotations receded, in some quarters substantially; and these same tactics being repeated in Friday's early foreign market lent courage to the raiders who, as soon as the New York Stock Exchange opened, increased their line of shorts extensively. They enjoyed the feeling of triumph for as much as thirty minutes. Then it was of a sudden disclosed that not only had the stocks sold in such free and easy fashion been taken by the strongest interests known to Wall Street, but that the same buyers were intent upon yet further and more vigorous buying. Hints of the St. Paul deal circulated, suggestions of the Reading-Jersey Central coup were mooted, the Standard Oil plans in Rock Island and the Vanderbilt programme for Canada Southern, Three C.'s, and Nickel Plate were broached. The bear contingent fought stubbornly for a while, but the contest was between giants and pigmies. Pessimism has seldom suffered a more expensive twenty-four hours.

In yesterday's market wild buoyancy at the opening was followed by considerable irregularity. In some stocks—notably the iron and steel group—there semed to be indication of plans to induce a short interest.

Money market conditions as reflected in the weekly Clearing House statement seem wholly at ease.

NO GOLD EXPORTS LIKELY.

Wall Street was more or less concerned for a time last week because of the advance in sterling exchange, followed by intimations in certain quarters where best information was not obtainable, that gold exports were not unlikely in the near future. A canvass of the foreign exchange houses, however, discloses the fact that there is no warrant for any belief in gold exports for weeks to come, if, indeed, even then.

A member of the firm of Lazard Frères, discussing the matter, said: "It is absurd, ridiculous, to talk of exports at these figures, for they could not be made without considerable loss. So far as I can see there is no prospect whatever of any exports for some considerable time, though undoubtedly London would like some of our gold. When rates go about 2 per cent. higher and the Bank of England offers some special inducements for the shipment, then you may see exports, but that is a long time off."