

The Business Prospect

National Bank of Commerce New York

Trade reports for the past month confirm earlier expectation of an exceedingly high rate of industrial activity, they also increase the uncertainty with which the longer future is regarded. In several of the key industries the daily rate of production in February surpassed any previous record and current information indicates that additional gains are being made in the present month. With the momentum already acquired it now seems fairly well assured that production schedules will be maintained through a good part of the second quarter.

A high rate of production is not a source of anxiety if it is closely related to consumer requirements. Present activity, however, in some cases seems to be based on what producers think they can sell rather than on a real urgency of demand. A response of this sort to the prosperity enjoyed in the latter part of 1928 is natural enough, but it is of such stuff that trade reactions are made.

Prospects for spring business are certainly not unfavorable at the moment, for employment throughout the winter and early spring has been good and purchasing power is high. It is rather that there are a number of uncertain factors in the situation which may or may not radically change the position. Unfavorable weather alone can so retard the movement of goods into consumption as to produce undesirable congestion, when the volume of production is so high. The outlook in the building industry, while still not very clear, cannot be called satisfactory. A reaction from speculative excesses in stocks may adversely affect consumer purchasing power at almost any time.

The position of the Automobile Industry
Competitive efforts of automobile

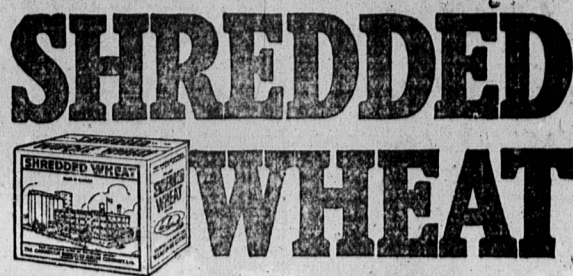
manufacturers to expand their sales are being watched with increasing attention as the first test of the market approaches with the advent of spring. Production in 1928 was less than 1 per cent, above the output in 1926 and that by grace of an increase in exports. Sales in the domestic market, in fact, were lower than in 1925-1926, and were only at the level of 1923 despite an accumulated demand carried over from the preceding year. Whether much of a new record can be established this year, therefore, is plainly a debatable question.

In view of the rapidly rising trend of exports and the growth of the replacement market it seems not unlikely that, under favorable conditions an output of 4 and three-quarters to 5 million units can be disposed of. The possible existence of some unfilled shortage carried over from 1928 and the stimulus of lower prices together with high-pressure salesmanship contribute to this conclusion. Conceding the possibility, the present very high rate of production can hardly be continued long except at the expense of the industry's well-being in the latter part of the year.

The output of cars and trucks in February was estimated at about 470,000—an annual rate of nearly six million units—and a still higher rate is anticipated for the current month. If production through the second quarter holds at the present level the industry will be faced with the necessity of reducing its output by nearly 33 per cent. In the year unless the potentialities of the market are far greater than now realized. There was no more of a reduction than this in the latter part of 1927.

The Decline in business continues.
The value of building contracts awarded in February was 22 per cent

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below the corresponding month in 1928. Contracts awarded, according to the Dodge estimates, have now been declining for three months, with the aggregate 12 per cent below last winter and the lowest since 1925. Contemplated projects for this same period show a drop of 18 per cent.

How serious the recession in building will prove to be is yet to be determined by the reaction of the industry to the stimulus of better weather. The trend of residential building, however, which constitutes 40 per cent of the total, has been downward since last summer. As rentals have been declining slowly for several years, this class of building was naturally the first to feel the increase in cost of construction due to high money rates. The decline in new building has also been the greatest in the two largest districts, New York and the Central West, which previously had witnessed a high rate of activity for an extended period. Neither of these two circumstances is especially encouraging and it looks at present as though building volume for the year would fall below that of any of the two or three preceding years.

A cut in Rayon prices

Among the textile industries the rate of activity continues at a generally high level. Cotton consumption in February again established a record for the month and it is satisfactory to note that the rate of output did not prevent some further improvements in the mill position. The rapid expansion in capacity of the rayon industry together with a growing volume of imports in the latter part of February brought about a decline in rayon prices, the first change in nearly two years. There can be no doubt that this stability of prices has been an important influence in the expansion of 50 per cent in Rayon consumption since the last general price revision. Production for the present year is currently estimated at more than 125 million pounds compared with 93 million last year. There has been some change for the better in the position of silk manufacturers, in that production last month was in closer relation to the movement of goods. Prices are fairly stable although relatively low. With ample stocks of goods available in this market it is still necessary to watch output very closely.

Outlook For Money

(National Bank of Commerce in New York.)

We are now fairly well into the spring business movement which normally creates a seasonal demand for credit, reflected in the records of "all other" loans. The amount of this increase in demand varies considerably from year to year, depending principally upon the trend of the general volume of business. The outlook for spring business is good, and therefore it is expected that at least an average increase in the commercial demand for money will be in force throughout the spring business movement. Since there is as yet nothing in the stock market situation to suggest an important liquidation in brokers' loans, the present outlook is for no lessening of the aggregate demand for credit. Unless very important net cold imports should speedily occur, the immediate outlook is for continued firm money.

Whether we may expect any material alteration in the money situation after the end of the spring business movement is a question that cannot now be answered. There are some facts in evidence, however, that throw light upon the possibilities ahead.

During the last two months the Federal reserve authorities have given further evidence that no relaxation of the firm money policy is contemplated so long as speculation continues to absorb such a large amount of credit.

The recently published statements disclose a large degree of unity of opinion among reserve authorities as to the seriousness of the present speculative credit situation and as to the responsibility of the Reserve System. There ought no longer to be any doubt that Federal Reserve influence will be thrown against any important relaxation in the money situation so long as speculative activity continues to absorb increasing amounts of credit.

THE GOLD SITUATION

The one source that offers an important possibility of an easing influence is the future movement of gold. Complete confidence cannot be placed in this source, but the gold situation is highly interesting and may become very important.

The foreign exchange movements for some time have been increasingly favorable to gold exports to the United States. There is reason to believe that amounts of gold of considerable magnitude, that in the normal course of events would have come to us, have been held back by special measures adopted in countries whose exchanges were at or near the gold export point. Moreover, in some instances where exchanges were at or below the gold export point the gold has not moved to us because bankers for reasons of policy have refrained from engaging in gold transactions.

There is no doubt that with the assistance of the commercial and private banks foreign central banking institutions may forestall gold movements for a period even when the balance of payments is moving strongly in favor of gold exports from the countries concerned. If recent "favorable" tendencies in American foreign trade continue and a substantial recovery in the volume of foreign loans placed in this market does not occur, it may be that the accumulating balance of payments due the United States will practically force other countries to permit gold exports to us, unless they raise their bank rates sufficiently to call home a fair amount of funds now deposited or invested in our market. Because of the insatiable appetite of the American stock market for credit and the high rates which it will pay, is a serious question whether the establishing of a level of rates abroad sufficiently high to recall funds now in this market might not constitute a very disturbing factor in the business of foreign countries. Apprehension as to such a contingency may cause those countries to allow a certain amount of gold to flow to us. In this event, we should still have to reckon with the fact that the Federal Reserve System retains a considerable power to offset the effect of incoming gold. The degree to which it will utilize this power will probably depend largely upon the trend of the volume of money employed in stock exchange transactions.

75-Year-Old Sufferer Relieved Of Rheumatism

Port Lorne, N. S., April 8.—Mr. Lewis, a well-known local resident, makes his statement in order that other rheumatic sufferers may find the way to health. "I fell and hurt my shoulder badly in 1923. Neuritis set in, and the pain was intense. I used different liniments, but without avail. Then I used Nerviline. What a wonderful liniment it must be. It restored me, and I have never had neuritis since. I am 75 years of age, and may say that my wife uses Nerviline for cramps and pains; in fact, Nerviline is our family medicine. We would not think of being without it in our home."—Handley Lewis.

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PUBLIC ACCOUNTS, 1928.

Classification of Expenditure

Dept. of Education (continued)		
Teachers' Salaries Appendix No. 1	232,118.72	
Supplements do	13,359.65	
Pensions do	3,141.00	
Scholarships do	420.00	249,040.37
Printing and Stationery Sundry Items	2,094.54	
Miscellaneous Sundry Payment	258.82	
Inspectors' Travelling Expenses	631.90	
Libraries Grants	140.95	
Teachers' Federation Grant	100.00	
Teachers' Summer Course	1,400.00	2,531.67

School Supply:		
Manager Fergus Robertson	466.66	
do Christine Miller	325.00	791.66
	203,947.12	
Less payment from Technical Grant	14,866.95	279,080.17

Falconwood Hospital and Infirmary

Medical Supt. J. W. MacIntosh M. D.	2,200.00	
Maintenance, etc. Appendix No. 2	103,726.37	105,926.37

Interest

Overdraft Bank of Montreal	8,377.67	
Debentures Sundry Issues	45,330.00	
Loans Deposit Receipts	20,922.42	74,730.09

Legislature

Legislative Assembly:		
Sessional Indemnity, Speaker	600.00	
do 29 members @ \$400 each	11,600.00	12,200.00

Clerk, Benjamin Rogers	600.00	
Asst. Clerk, Oliver Peters	300.00	900.00

Law Clerk, George Tweedy	250.00	
Sergeant-at-Arms, John Nicholson	200.00	
Stenographer, Miss S. M. Nash	125.00	
do Miss Alice Cox	150.00	
do Miss Norma Younker	125.00	
do Miss Jean C. Gill	50.00	450.00

Messenger, Whitfield Yeo	110.00	
do Robert MacKinnon	110.00	220.00

Doorkeeper John McLean	110.00	
do Duncan Gillis	110.00	
do Colin MacEachern	110.00	330.00

Reporting Debates, Patriot Pub. Co.	200.00	
do Guardian Pub. Co.	200.00	
do Frank Walker	104.00	
do Miss Lillian Dobson	104.00	608.00

Disbursements, Sundry persons	1,002.53	
do Printing Journals, Laws, etc.	1,671.25	17,831.94

Legislative Library

Librarian, A. D. Fraser	1,000.00	
Asst. Librarian, Jean C. Gill	675.00	
Books, etc.	231.26	1,906.26

Legislative Grants

Grant, 1928, Queen Square Gardens	600.00	
do School for Deaf, Halifax	2,067.28	
do School for Blind, Halifax	1,600.00	
do Fire Dept., Charlottetown	650.00	
do Fire Dept., Summerside	250.00	
do Fire Marshal	500.00	
do Aid to Destitute Children	1,500.00	
do Orphanages	2,500.00	
do Hospitals	6,000.00	
do Red Cross	3,500.00	
do Free Dispensary	200.00	
do Tourist Association	2,000.00	
do A. Newbery, I. S. O.	1,100.00	
do Chest Diagnostician	1,200.00	
	23,667.23	

Miscellaneous Expenditure

Printing, etc. J. F. Duffy, Binding		
Royal Gazettes	37.50	
do Patriot Pub. Co., Printing Ext. Auditor's Repts. 1000 Copies	105.00	
do Patriot Pub. Co., Printing Fish and Game Act.	41.90	
do Guardian Co. ad re donation by Lieut-Governor of Silver Cup	10.08	
	194.18	588,814.08

Snakes Beat Cats In Killing Mice Says Expert

Many of the popular beliefs concerning reptiles and amphibians were held up to ridicule by Clyde L. Patch of the National Museum, Ottawa, in speaking before the Province of Quebec Society for the Protection of Birds. Salamanders could not live in fire as many people thought; they did dwell in moist wood, but when the wood came into contact with fire they grew uncomfortable and crawled out of danger. Mr. Patch defended the "all too unappreciated snake." The enormous beneficial work snakes did in exterminating rodents and insects was of considerable value to food produce. Illustrated slides showed the various types of snakes found in Canada, including the "milk snake," which was supposed to milk cows and

hence relieved its name. The milking of cows by snakes, was, of course a fallacy, the speaker showed although he did admit the milk snake inhabited barns and stables to feed upon the rodents which infested them. Snakes were more effectual than cats in ridding barns of mice because the cat had to wait until the mice came out of cover, while the snake crawled in and captured them in their homes.

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Children would not be afraid of snakes if their parents did not say: "Johnny, come out of the way of that snake or he will bite you." Mr. Patch has proved from experience that children do not in the least mind handling snakes unless some grown up had prejudiced them against doing so. Salamanders are known here as "lizards."
ENMORE. The Institute staged a play recently and the proceeds were placed on the...

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