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Financial and Economic Situation in China as of  
Week Ending November 8, 1924.

Imports:-

Although the fighting in the neighborhood of Shanghai has been stopped for several weeks, the serious situation in the North has prevented resumption of business on anything like the scale which could have been expected.

Some business is being done for points nearby Shanghai, piecegoods in particular being in fair demand in adjacent river ports. Inquiry from Hankow is extremely scarce, as bankers and business men are uncertain as to the trend which the political situation will now take, the former being unwilling to finance dealers on a large scale, and the latter being unwilling to make forward contracts until they are certain of the future outlook. The fact that no silver is moving into the interior for the financing of crops is also a deterring factor in the situation.

Exports:-

While a fair amount of cargo is moving, considering the difficulty in financing business at present, the movement of crops is far from what it should be at this time, and practically no silver is moving up-country.

Cotton and Yarn:-

Cotton is arriving in the Shanghai market at a very good rate, and as the demand for yarn has improved somewhat the mills are showing a little more interest in purchases, and this, aided by the speculative interest in the market has brought prices up.

Lumber:-

Oregon pine arrivals in Shanghai during the month of October total 11,412,000 feet. Business is being transacted on a very small scale and there is no improvement in price from the 45 to 47 Tael level which we have reported for the past several weeks.

Piece Goods:-

The second week of the auctions since the cessation of local fighting showed a very cautious attitude on the part of both the dealers and speculators. Prices showed a general falling off from the averages established during the first week.

Silk:-

The market continues dull with no outstanding feature of interest to report.

Metals:

There is practically no change in the steel market from my last report. Like all other imports, this item is hampered by the nervousness of the trade in general and the fact that the movement of cargo out of Shanghai is still considerably handicapped.



Conditions in Peking and Tientsin are quiet and orderly.

Passenger communications by rail between Peking and Tientsin have been resumed. Efforts are made to get two trains through each way every day. The trip requires from eleven to eighteen hours time, according to the luck which may be encountered in getting through the traffic tangle that still exists. The normal time of passenger trains between Peking and Tientsin is three and one-half hours.

Communications have not yet resumed on the Peking-Hankow or the Peking-Suiyuan Railways. So much of the rolling stock of these two roads was taken by Wu Pei-fu to carry his forces northward on the Peking Mukden Railway, that it is questionable when the two lines above mentioned will be able to resume normal operations.

Business is still poor. Merchants in Tientsin and Peking are not yet ready to enter the market for replenishments of stock. Short commitments, mostly on a cash basis, remain the order of the day.

#### Tientsin Pukow Railway Bonds:-

There are two bond issues of this railway secured by mortgage agreements. First is the original construction loan, of £5,000,000 contracted for in January, 1907 with the Deutsche-Asiatische Bank and the Chinese Central Railways, Ltd. Second is the "Supplementary Loan" of £3,000,000 concluded with the same lenders, the agreement being dated September 28, 1910. Annual service charges on both loans are 5 per cent interest and 5 per cent amortization.

As a result of the war settlement concluded last June between China and Germany, China received as part payment of her war claims bonds of the Tientsin-Pukow railway, amounting to £1,400,000 of the original loan of 1907 and £627,000 of the "Supplementary Loan" of 1910.

This reduction of £2,027,000 in the outstanding principal of the two loans lessened considerably the total amount of service required. Notwithstanding this easier burden, however, the railway was unable to meet the payments which fell due in October and at the beginning of November this year. This is surprising in view of the official figures published by the Ministry of Communications showing that the net revenues of the road during 1923 amounted to silver \$9,190,000, and the statement also published by the Ministry that for the first six months of this year earnings showed a 17 per cent increase over the same period in 1923.

It should be remembered in this connection that there is nothing in either the Original or Supplementary Loan Agreements which prevents the Chinese Government from making large withdrawals of cash funds from the railways.

#### Machinery Imports into Tientsin:-

For the first nine months of 1924 British machinery shows the largest actual increase, registering a gain of 98 per cent over the corresponding period of 1923. Imports from the United States declined approximately 15 per cent. Aside from a slight falling off on the part of German imports and a noticeable increase in importations from Holland, there is little else to note, imports from the remaining countries fluctuating negligibly.



Financial and Economic Situation in China

In general while Germany has been offering machinery at lower price levels than has the United States, local importers of American machinery now state that there has been a gradual increase in German machinery prices during the past year and that while they are still somewhat under the American level, they are not sufficiently competitive in a number of cases to overrule the buyer's appreciation of higher quality offerings on the part of America and Great Britain. Local importers state that this is noticeably true in the case of mining machinery, a marked preference being indicated for American equipment.

Local importers state that sales of machinery during the first nine months of 1924 were fairly satisfactory, and that up until the present civil strife indications pointed to a reasonably successful year. However, under the present unsettled conditions, local machinery importers state that many purchases contemplated have been dropped, prospective buyers preferring to await developments. The outlook for the future is more or less contingent upon the restoration of normal conditions."

#### Transportation:

It is expected that the new Russian element which is now making itself felt in China, particularly in Manchuria, as a result of recent treaties which have been concluded between Russia and China, will have far reaching effects on the development of transportation in general, both rail and water, throughout the Northern Manchurian territory.

### INDIA.

#### Financial and Economic Situation in India as of Week Ending November 15, 1924.

An appeal has been issued by Pandit Motilal Nehru on behalf of the Swaraj Party addressed to all patriotic men and women of India asking them to lend to the Swaraj Party their active cooperation in the shape of men and money in order that a United Party may be fully prepared for the long and hard struggle which the success of the Conservative Party in England is considered to be forecast.

The current weekly statement dated November 7, 1924 of the Imperial Bank of India reveals for the sixth successive week a reduction in its cash balance. The statement referred to shows a decline in the Bank's cash balance of Rs. 155 lakhs and now stands at Rs. 20 crores as against Rs. 30.87 crores last year at this time. In view of this small balance and the Government's heavy purchases of sterling, the agitation for issuance by the Government of currency against sterling purchased is continuing with even greater intensity than heretofore because of the extreme anxiety evidenced by the adverse statement of the Imperial Bank of India on the eve of the movement of heavy crops of cotton, rice and wheat.

According to the Times of India, "The Government have already remitted thirty million pounds sterling to London which is over their budget requirements and all remittances over the budgeted amount of twenty-seven million pounds sterling should be immediately followed by corresponding issues of notes against sterling."

#### Exchange:-

During the first half of the week the general weakening continued, with but small business being transacted, following the appreciation of sterling in terms of dollars. The cause of this condition is generally believed to be the result of the general elections in England, and confidence in the Conservative Party's ability to establish a stable government in the United Kingdom, which has led to a considerable amount of remittances from New York to London.



Foodstuffs:-

The second 1924-25 forecast of the Burma rice crop gives an estimated total acreage of 11,473,396. The area destroyed is estimated at 293,842 acres and matured 11,179,554 acres, resulting in an increase of 204,791, a decrease of 481,266 and an increase of 636,057 acres, respectively, compared with the corresponding estimate of last year.

Cotton:-

The crops in the cotton growing districts are progressing nicely, with fair weather and while early arrivals show considerable off-quality, due to the last rains, it is expected that subsequent pickings will be up to the usual standard.

The Bombay market has experienced a noticeable improvement during the past week as a result of the satisfactory political situation in England and America, as well as the hard tone of American cotton. Japanese buyers have been displaying keen interest in the market, paying relatively high prices for ready and early deliveries which is partly due to their November commitments and the delayed crop movement. High exchange is hampering to quite a considerable extent the Continental business and local Bombay mills have bought but sparingly.

Piecegoods:-

Madras reports more inquiry in evidence in the market, with some business being done, at easier prices all round and in some cases at considerable concessions on the part of sellers.

PHILIPPINE ISLANDS.

Financial and Economic Situation in the Philippine Islands  
as of Week Ended November 18, 1924.

The general outlook for the country's main industries is much the same as was reported last week. The closing hours of the Legislature decidedly held the center of the stage, and the bulk of last minute work which was pounded through during the past week and was so large and confusing that it is even yet not clear to the general public what actually has been accomplished.

Copra continued to gain strength even over the exceptionally high levels reported last week. Hemp buying and selling forces have been absolutely deadlocked.