Financial and Economic Situation in China as of
Week Ending December 1, 1925.

General Business Conditions:-

Imports have slightly improved but exports remain dull due to price differences. The dominating interest of the week was the exchange situation which is covered below.

Native interest on November 30 stood at 35 per cent for call money. The stringency in the Chinese market does not appear by the native interest rate to have subsided, as this index remains at the very high rate of 35 tael cents per 1,000 taels per day.

Cotton and Yarn:

Cotton and yarn prices both advanced during the week. Purchases of cotton by the mills were small, the main activity being in export.

Silk:-

Market continues dull and inactive. The tendency is downward, and considerable concessions may be obtained with firm orders in hand, owing to the tight money market.

Flour:-

The Chinese flour dealers recently decided to postpone buying of wheat flour for three or four months, all due to rumors of a declining market in the United States, large Shanghai stocks, and stocks afloat. Typical trick of Chinese dealers squeezing importers with stocks at hand.

Automotive:-

The Automotive situation in Shanghai during the past week showed no new developments. New cars being received

from Europe and America are apparently passing into use promptly.

Iron and Steel:-

American pipe prices are in line with Continental and British competition. Until recently Canada has been quoting better discounts than the United States but these are now in line. Stocks of iron and steel products in Shanghai are light with very little business passing.

Hankow:-

"Imports: Piece Goods: Market quiet and no enquiry. Prices firm.

Yarn.-

The market is weak owing to larger stocks, and no demand at about Taels 6 per bale under Shanghai levels.

Exports:- Markets are more or less unchanged.

Canton:-

"Imports, Dull. Exports:- Dull except for a little silk moving.

Political Situation:-

There has been little change reported during the past week; fighting continues at the East River in the neighbor hood of Shekiung.

Financial and Economic Situation in China
as of Week Ending December 8, 1923.

General Business Conditions:-

Dull, with little improvement anticipated until the financial situation ceases.

~~[illegible] Great Britain and Ireland for the exchange of specie based upon Cash on Delivery, taking effect from January 1, 1929, the Dutch East Indies is not participating in this source.~~

Exchange and Finance:-

Native interest on December 6, stood at 16 per cent for call money.

"The market for money is tighter than ever. Very high premiums continue to be paid by the banks for cash and forward sterling, the difference being about 35%. The local banks are selling cash sterling, and buying forward a month and two months ahead at this abnormal difference in orde to secure ready funds to meet the situation. It is the first time since the Great War that such high premiums have ruled in the money market. The silver reserves of our banks have fallen to the same level as was witnessed them. Sycee stocks stand at a ridiculously low figure. Shanghai bank stock is still below ten million taels. In spite of the high premiums offered by the banks they have not been able to secure very much in the way of funds from the market. There is a difference between cash and forward sterling of 1 1/2d for two months.

Cotton and Yarn:-

Chinese cotton prices are firm, only a modest amount of actual business is reportd, and arrival continue below expectations.

It is not anticipated that any great price reduction of Chinese cotton will be seen. On the other hand opinion seems to favor higher levels.

Exporters and dealers in Tientsin are still unable to secure deliveries at prices even approaching contract figures, and while many remedies have been suggested, the outlook is that foreign firms will take tremendous losses

Yarn has been the object of a bear movement during the week which succeeded in depressing prices about Taels 1 for December delivery, and approximately Taels 3 for futures.

Native produce:-

Sesamum Seeds:- Chinese dealers, in Hankow and Shanghai, unable to obtain supplies from producing centers, are requesting time on their contracts. The amount involved is said to reach approximately 500 tons in Shanghai and 3,500 tons in Hankow.

Stocks in both Hankow and Shanghai are very light. Prices have appreciated considerably since some of these contracts were placed, and considerable doubt is expressed as to whether real difficulty in delivery exists or whether a condition similar to the situation at present

Silk:-

Tussah Cocoons: Crop harvested this fall lowest in many years. Unfavorably climatic conditions during early stages mainly responsible. Crop said to be about 40% normal or approximately 8,000 piculs raw tussah. ~~xxxxx~~ xxx

Wheat and Flour:-

Heavy arrivals of American wheat on previous contracts continue. Wheat stocks reported plentiful. (A total of approximately 298,000 tons of American and Canadian wheat has been contracted for during the season, of which about one third has arrived.)Renewed buying of Canadian #3 wheat continues, orders having been placed during the past weeks at Gold $38.50 per ton c.i.f. Shanghai.

Flour demand from interior remains good.

The North Manchuria wheat crop was decidedly below normal and since Canadian #3 grade corresponds to Manchurian wheat considerable orders are expected from Harbin mills.

Hankow Trade:-

There is very little change in local market conditions.

Piecegoods:- Market dull and nothing doing . Clearances are poor, on account of financial stringency. Two small

native banks have failed on this account.

Yarn:- Market firm but prices still under Shanghai level.