

GRAIN SPECULATION.

Fortunes Made and Fortunes Lost in Wheat and Corn in a Week.

Origin of the Great Bull Movement—Big Operators Interviewed.

Opinions of H. O. Armour, Rufus Hatch and Others.

New York Herald, August 23.

The extent of the recent grain speculation may be inferred from the fact that Rufus Hatch is known to have carried at one time 1,800,000 bushels of corn; a prominent downtown merchant, who prefers to keep his name out of print, had 3,000,000 bushels, more than the entire supply at Chicago; and Mr. Keene, it is said, held 1,000,000, purchased at 45 cents and sold at a profit of \$200,000, according to rumor.

Below will be found the opinions of some of the heavy operators in grain. It will be seen that they agree in the main as to the cause of the great bull movement—short crop—but differ as to the future of the market. It is to be regretted that the views of Mr. James R. Keene, who is largely interested in the produce markets, could not be had, owing to his absence in Newport.

MR. ARMOUR PREDICTS HIGHER PRICES.

Mr. H. O. Armour, of Armour, Plankinton & Co., Broad street, a member of the bull clique, seemed to be reluctant to give his views, and said: "We are packers of pork and don't think we know so very much about grain."

"But your house is reported to figure largely in the grain speculation?"

"Well, I buy things when I consider them cheap, and sell them when I regard them as high—that's true."

"How about the corner in wheat?"

"There is none. It's all nonsense."

"Not a corner in August wheat when its price is so much higher than that of September?"

"No, there's no corner. A great many people have sold it short and the season is backward, so that it cannot be delivered very fast, but you will find that as the month goes on the price will soon adjust itself to its proper level. Only wait till people have a chance to deliver the wheat they have sold."

"How is the speculative outlook generally in grain?"

"I am a radical believer in much higher prices. I think all provisions are bound to be higher, as they always are when there is a shortage in the crops."

"And do you think that will turn out to be so heavy?"

"Very large, indeed. Why, if the estimates of the department of agriculture go for anything at all they indicate a shortage in wheat alone of from 25 to 30 per cent., which, in a production of 1,100,000,000, would amount to from 275,000,000 to 330,000,000, or about equal to our entire export of last year."

THE SHRINKAGE OF CORN.

"How as to the shrinkage in corn, Mr. Armour?"

"Well, if the government estimates are all right the corn crop is from 300,000,000 to 400,000,000 bushels short. Now, that's a calamity to the country, and no editor sitting in his chair and writing an editorial on the wicked speculation knows anything about it. That means such a change in the relations of demand and supply that there must be a rise in proportion to the new condition of things."

"Then you do not look for a further break in prices?"

"Oh, the speculation has been enormous, and there may be violent fluctuations up and down—no doubt there will be. When we buy we move the grain in Chicago to this city for export. We don't buy on margin, but move the stuff itself."

"What will the export demand be, in your judgment?"

"Prices show that we have not much to export, even if the demand should be great, which I don't believe it will be."

"What effect will this speculation have on the farmers' interests?"

tion in food products ever known in this country, has it not?"

"So! at all. The volume of speculation has grown with the increase of the country; but, as to the fluctuations they have been small compared to those of some years ago. This speculation is a baby compared to some I remember."

MR. HATCH'S PREDICTIONS.

"No, sir," Mr. Rufus Hatch said; "the recent advance in corn was not fostered by artificial means. The wheat deal may have been brought about by manipulation to a certain extent, but the rise in corn was the natural result of affairs which still exist, and which may make corn still higher."

"To what do you refer?" was asked.

"Well, the whole thing can be explained very briefly. You must know that there is a strip of land along the west side of the Allegheny mountains and extending through the states of Ohio, Indiana, Illinois, Missouri, Kansas and Kentucky. It is about a thousand miles long and from 500 to 700 miles wide. That embraces all of what is known as the 'winter wheat section' of this country, and is what is known to grain men as the 'corn belt.'

"This year the winter wheat raised in this section will be between 40 and 60 per cent of the usual crop. In fact, taking the whole of it together, there is reason to believe that it will not amount to more than half a crop. But corn is even worse, and there is no question that there will be a good deal less than half a crop. In brief, the whole cause of the recent rise in grain may be summed up in two words—short crops. The shortage in corn is more marked than in wheat, and the members of the wheat pool would not have been so successful in buying No. 2 red if the failure of the corn crop had not helped them. This was something like a piece of luck, for the condition of the corn yield was not known when the wheat pool was formed."

"What were the causes of the shortage?"

"In the first place the winter grain was injured by the extreme severity of last winter. The wet snows wet a great deal of corn that had been sipped. Then came the long dry spell of this summer, which has seriously affected the only yield this year—that which is harvested in June. Why, when it was thrashed it turned out only one-half what it was expected to yield. I have seen specimens of corn from almost all sections, and the ears are largely composed of mere 'rubbins,' and the wheat is equally poor, with a short and thin berry."

"How about the bull clique?"

"The pool was formed last spring and consisted of speculators in Chicago, Cincinnati, St. Louis, and this city. At that time everybody else was a bear. It was known that we should not have full crops in this country, but it was not supposed that they would fall far short of an average, and the estimates for the crop in Europe were for a very heavy yield. The pool, as they call it, consisted of men like Mr. Armour, James R. Keene, Hutchinson, of St. Louis, and several others."

"And Rufus Hatch, of this city?" the reporter suggested, interrogatively.

"Well, the veteran operator replied, with a peculiar smile, 'I was on the outside. But, as I was saying, they sent agents to the grain country, and they soon found ample reason to know that the crops were going to be hardly more than half what they ought to be. Of course it didn't take men like Armour & Co. long to know that the correct thing to do was to operate for a rise. They were shrewd enough to do it and they have made some money. When I commenced buying corn in May it was down to 44 and 45 cents a bushel. It is now 72 and over."

A FURTHER ADVANCE.

"Will there be a further advance; has the bull movement reached its height?"

"Well, the advance has been so sudden since the 1st of August that it is natural to expect that there will be some reaction. But the highest prices have not yet been reached, in my opinion, because, as I have said, the grain crop will be much shorter than has been expected. There will be another rise when the fall wheat is harvested next month. There is no disputing the facts which have caused the rise. In the first place the corn crop last year was not so large as in 1879,—the year before,—so that during last winter, which was a very long and severe one, the farmers were obliged to use millions of bushels to feed their stock. This was a serious draft on the supply on hand. But it was not until the drought of the middle of June that we began to hear much talk of a short supply of corn. The July statement of the agricultural department put its probable yield at 90 per cent. Since then they have put it a great deal lower."

THREATENED EVILS.

"But there is one fact, my young friend, which is a very important one to remember. There are many sections of this country where they have not had a drop of rain for eight weeks. There never was such a drought, and if it continues four weeks longer in the winter wheat section it will be too late for them to plow for their fall wheat. Nothing can save them but two weeks of rain, and it must come soon—within two weeks. The dread of this continued drought has already had something to do with advancing the price in the west. If it continues four weeks longer wheat will go up 25 or 50 cents a bushel."

"How about the spring wheat crop?"

"We cannot tell you just what it will do. But it will be a great deal less than last year."

"How soon do you think that the crops are undoubtedly very short, prices will be still higher?"

ected. The crop in Europe has been better than we have had here in three years, but it falls far short of what was expected, excepting in Russia. The speculators in Europe have lost a great deal of money. They undertook to sell wheat short, and it took them about six weeks to find out that our crops had been badly damaged. I have not a bushel of corn, but I will venture to say that in six months it will sell at \$1 per bushel. We shall have the shortest crops that has been raised in twenty-five years in proportion to the land under cultivation. I have had correspondents traveling all through the wheat country, and have received as many as fifteen or twenty dispatches a day, so that I have full advice."

CONSERVATIVE VIEWS.

Mr. W. H. Trafton, Jr., a conservative, attributed the rise to short crops, and expressed the opinion that prices might be still higher before the end of the year. The beginning of the present bull movement, he said, was about August, and since that time more than 13,000,000 bushels of corn have been sold at the Produce Exchange for speculative purposes—John Lyon, a heavy speculator of Chicago, being one of the first buyers. Armour & Co. were the largest speculators in wheat, holding 2,000,000 bushels of the 30,000,000 now in supply in Chicago. "In Germany," Mr. Trafton continued, "the crops of wheat, oats, rye, barley, and rye, and many other grains, are being destroyed by the locusts; and wheat not more than three-quarters of a crop, and some of our correspondents place rye at not above two-thirds on an average. In Roumania and a part of Austria much injury has been done to their crops. From France the advices are also unfavorable. As thrashing progresses the yield is disappointing for both wheat and oats. The locusts are especially bad; and instead of that country exporting, as has been stated, they will have to import from 30,000,000 to 45,000,000 bushels of wheat, and also very freely of oats. The injury to the root has been serious, and all this intelligence combined has contributed to the buoyancy and excitement that have characterized our market for the past week. Prices of both spot and options have been rapidly advanced, and have been forced above the limits of most shippers, so that the export trade has been restricted greatly. It is very evident that the real situation of this country has not been properly conveyed to the minds of European readers; indeed, the majority of them have been misled, and therefore will be slow to appreciate the situation as it really is. For the first five months of the cereal year Western Europe will have to depend upon this country to supply much of their deficiency. The fact of their reserves being lighter than at any time for many years will compel them to be free buyers of new wheat early in the autumn, so that the competition here will be greater than many suppose; and as the quantity to be contended for is very much less in this country than last year there are many good reasons why farmers should count on good prices. Prudent and conservative business men regard the financial situation with much apprehension; the position of our banks and the constant drafts upon them by large operators here and the west, to cover on their gigantic speculations, may, it is feared, lead to disastrous results. It will be seen that the reserves of our banks have been reduced from \$9,000,000 to about \$2,000,000. This great change certainly places them in no very enviable position, and when they decline to extend further aid to speculators to enable them to carry out their 'corner,' they may look out for a sudden collapse that might temporarily unsettle values."

THE GREAT CRATER OF KILAUEA.

The following pen picture of the fearful crater of Kilauea is from the Honolulu Advertiser of July 26: Country to the volcano for many years past all remained quiet, active pools of lava, the North and South lakes, which ordinarily bubbled and tossed a fiery flood at a depth of about 120 feet below the floor of the great crater. Now these lakes have all been filled up, and there have arisen peaks and cones of hard lava that rise over 100 feet above the south bank of the great crater, which is about 1,000 feet high. But there has been a new opening in the great crater floor not far distant from the old lakes, and a new lake, almost round in form, about 600 feet across and some 70 feet in depth, in ordinary stages, below the surrounding brink. Here the great Hawaiian volcano presents the most varied, fantastic play of liquid lava.

Here are some of the phases of the play of a fire lake, as recently observed in the great crater of Kilauea. Sometimes it almost seems to sleep, and the disappointed visitor looks down into a black valley, and observes a smoking pit, giving no more evidence of combustion than a tar kiln. But the observer stands on the brink of the pit, or great pool, or lake, as now appears, about 600 feet across, and whose surface is about 70 feet below him. And what is this surface? It presents a dark silver-gray hue, with a satiny shine. This is a crust of quiescent lava, and the observer, who has expected to have his sense of wonder strained to speechlessness, says, "Is this all?" No! look! The frozen, glassy lake is alive. What a heave in the center—some mighty heave lifting up that floor! Now a wave of undulation runs round the increased margin. And there is an outbreak, a blood-red fount gushing and bubbling from one of earth's arteries. The broad disk of the lake heaves and trembles. Fitful, gaseous flames flit across, and now the moving floor cracks, and a serrated fissure, like the suture of a skull, runs from margin to margin, and quick, darting streaks, sudden cracks of the crust, shoot across in all directions. These serrated streaks are at first ray lines on the gray surface, then they widen like crimson ribbons, broadening to the view. They undulate with the billowy motion of the whole upheaving surface. Another crimson fount springs up along the now fretting and foaming rim of the lake, and another and another of now widely appealing fountains of fire toss high their geyser-like, erect, casting gouts and clouds of

the red spray, that fall and harden near the observer's feet.

By the rim, the spirit of our inferno is aroused. The whole forest red lake is all boil and foam and roar. It is more than the roar of loud sea surfs beating bold bluffs. The surging tide of the molten earth sounds a deeper, bellowing bass than any note of the sounding sea. And now the heaved up crust, broken into fragments, is churned up and dissolved in the boiling flood. The roaring gulf is now, indeed, a vortex of indescribable glories and terrors. Caves open on the sides of the surrounding wall, and man seems more of a hell than he ever imagined. A thousand demons are now holding high carnival in this bottomless pit—and the leap and play of a fiery flood—the dance and swirl of a red, surging tide, and the roar of a thick of the molten lava issuing from the planet, make a thoughtful observer hold his hand to his own heart and say: "This is enough; the Almighty is here."

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