

**THE A B C OF THE
FOREIGN EXCHANGES;
A PRACTICAL GUIDE**

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The A B C of the foreign exchanges; a practical guide by George Clare

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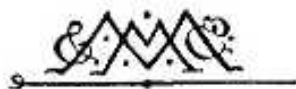
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GEORGE CLARE

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FOREIGN EXCHANGES;
A PRACTICAL GUIDE**

THE
A B C
OF
THE FOREIGN EXCHANGES



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TORONTO

LONDON.
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SUPPLY.

Bills are drawn on London

against

The greater the supply
the more the exchange
is against us.

Trade
Influences.

Exports
of produce.

Stock
Exchange
Influences.

Securities
sold in London
for foreign account,
or
bought abroad for
London account.

Loans
to foreign govern-
ments, railways,
companies, &c.

Banking
Influences.

Credits
Documentary—Travellers'
Merchants,
Bankers,
Exporters.

Arbitrage
and
speculative
transactions.

LONDON.
Cr.

DEMAND.

Bills are wanted on London

for

The greater the demand
the more the exchange
is for us.

Imports
of manufactured
goods.

Freight;
also
Commissions,
Brokerages,
&c.

Trade
Influences.

Securities
bought in London
for foreign account,
or
sold abroad for
London account.

Interest
on Loans,
and dividends
on foreign
securities
held here.

Stock
Exchange
Influences.

Credits
(to cover drafts previously
issued against docu-
mentary and blank
credits.)

Arbitrage
and
speculative
transactions.

Banking
Influences.

Investment

THE
A B C
OF
THE FOREIGN EXCHANGES

A PRACTICAL GUIDE

BY
GEORGE CLARE
AUTHOR OF "A MONEY-MARKET PRIMER"

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1907

PREFACE

THE substance is here reproduced of a short course of lectures on the Foreign Exchanges, which the writer was invited to deliver in the early part of the current year before the members of the Institute of Bankers, and which were afterwards published in the Journal of the Institute. To justify their reappearance in book-form a few words of explanation appear necessary. It is manifest, in view of the able and exhaustive treatment that the abstract theory has received in the well-known treatise by Mr. Goschen, and in other standard works, that it would tend to no useful purpose to serve up a mere *réchauffé* of those general principles which are already familiar to all educated men; and that simply to say over again what has been much better said before would be only trifling with the reader. More than this is required, and more has been attempted.

The difficulties inherent to the study of the exchanges (and that there are difficulties will scarcely be

denied) are ascribable, not to failure to grasp the import of the few simple propositions that form the basis of the science, but to the perplexity attendant on the application of abstract principles to the solution of problems encountered in the merchant's every-day experience. What the man of business wants is a theory so stated and so illustrated as to be capable of being easily adapted to actual use—a theory which, by enabling him to understand why a particular rate has risen or fallen in the past, may help him to judge for himself whether it is likely to rise or to fall in the immediate future.

Bearing these requirements in mind, the writer (who has gained his experience at first-hand) has endeavoured to render his exposition as practical as possible, and, at the risk of overburdening it with technicalities, has illustrated each successive step by reference to actual transactions and by numerous instances derived from the course of the exchanges. As he writes, too, for busy men, he has also aimed at plain directness of statement, in order that he who runs may read, and, reading, understand.

LONDON, *December*, 1892.