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STERLING EXCHANGE DEVELOPMENTS.

A few hours after sterling exchange in New York touched a new low level of \$4.75 3/8 for demand bills on Wednesday, the expected arrival on Thursday morning in the city from England of a consignment of no less than \$50,000,000 gold coin, bullion and securities was announced. This consignment had been quietly brought over from the other side by a British warship to Halifax and was thence sent to New York by rail. The use of a warship in this connection is interesting, as an indication that the British Government is giving its close attention to the problem of righting sterling exchange. It is doubtful also if insurance could have been secured if such an enormous consignment of the precious metal had been sent out in the ordinary way by a liner.

The gold was sent by the Bank of England, J. P. Morgan and Company of New York being the consignees, but its proportion to the whole consignment is not known. This is the first consignment of the metal which has been received from Great Britain in New York since the war began. Until now the only British gold received in New York since the outbreak of hostilities has come from Ottawa, but it is well known that the available Canadian supply has been very nearly exhausted. Since January 1, 1915, approximately \$133,000,000 in gold has been imported from Canada. J. P. Morgan & Co. imported about \$55,000,000 of this amount and other New York banks the rest.

It is thought in New York financial circles that this gold movement explains the delay in establishing a large English credit in the New York market, arrangements evidently having been made to send the precious metal forward whenever needed. It becomes quite clear, says one authority, that an informal credit has been current in the United States based on the knowledge that gold to cover it could be obtained from the British Treasury whenever desired. Knowing that they could obtain the gold without delay, bankers were quite satisfied

to permit their funds to remain abroad at the more attractive rental rates available there than at home. The crop movement to Europe is, however, gradually coming into sight, and it is obvious that the banking interests have deemed it wise to make practical preparations to finance it.

It is stated, also, that the sterling exchange market as a whole has been very largely in a nominal condition, as the volume of routine commerce is light, while the exportations of war supplies are being financed as special transactions. For the week ending August 7 the exports of merchandise from the leading customs districts of the United States exceeded the imports by the large sum of \$13,945,455; for the entire month of July the favorable export balance was \$102,000,000, while for the fiscal year ending June 30 the export trade balance was \$1,094,000,000. Therefore, since the first of July, 1914, the United States exportations of merchandise have exceeded the importations by the large sum of \$1,210,000,000.

THE POST-BELLUM INTEREST RATE.

(Continued from Front Page)

Professor Swanson in the current Journal of the Canadian Bankers' Association, none of the nations involved attempt to finance the cost of it concurrently so that there is available a large balance over to take care of ordinary enterprises. This loan fund, too, will be increased proportionately beyond what it has been in recent years owing to the widespread movement towards thrift and economy which has now assumed international proportions.

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Undoubtedly at the close of the war, capital will be in active demand for purposes of re-construction. When the reconstruction period has passed, very large accumulations will begin to seek investment along the accustomed channels of industrial and financial enterprise. So far as borrowing in London is concerned at the close of the war, Canada is likely to have again a substantial preference for political and sentimental reasons, over countries similarly situated but under foreign and at the present neutral flags. This preference will probably not only show itself in a willingness to take up Canadian issues, but to do so also at rates of interest, which, while adequate to the lender, are yet somewhat better to the borrower than those in the case of transactions with countries less favorably situated.

Winnipeg bank clerks will compose one platoon in the 34th Fort Garry Horse now being recruited at Winnipeg.

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The Travelers of Hartford has just effected a group insurance on 8,000 employees of the Brooklyn Rapid Transit Company. The minimum amount of the insurance in any one case is \$1,000.