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### THE GENERAL FINANCIAL SITUATION

The large-scale German retirement in France and Belgium, and the continuation of war developments favourable to the Allies, have again absorbed much of the attention of financiers here, in the United States and in Britain and France. Needless to say, these events are also engaging the public attention in Germany and Austria—the effects produced in those countries being in sharp contrast to those in evidence in the various Allied countries. The new German war loan is understood to be a bad failure; and the news of Bulgaria's surrender, along with that of the Allied successes in France, was followed by panicky conditions on the Berlin bourse. There is no doubt that the German people at present are keyed up with hopes that peace will follow the recent announcement of their new Chancellor. In their eyes his statement that Germany would accept the peace terms laid down by President Wilson left nothing in the way of the return of peace. The people of the Allied countries who know the worth of official German words, do not, however, believe that the German Government has as yet any intention of accepting in full all the terms contained in President Wilson's recital. Most of them believe, too, that the Kaiser and his war lords will never accede to those terms until the German armies are scattered or destroyed. This last eventuality may conceivably be not far distant; and in all probability this, rather than Prince Max's message to Mr. Wilson, is what the Wall Street securities market has had in mind in its recent markings up of values. Should Wall Street a little later decide that the Allies can so dispose of the German armies as to ensure peace within the next three months, we may expect to see further important demonstrations in that market, which, not unlikely, would react upon the market position here.

The course of the international exchanges latterly has been such as to leave no doubt as to the general consensus of neutral opinion regarding the approaching termination of the war. Exchange between Holland and New York and between the Scandinavian countries and New York has been moving steadily in favour of the American centre; and Russian roubles have been moving steadily upward. The improvement in the position of Russian bonds is said to be due to buying based on the theory that the break-up of the German hold on France and Belgium will be followed necessarily by a loosening of the Teutonic grip on Russian territory. Some of the internal Russian bonds are now quoted in New York at more than double the prices prevailing last spring. It should be mentioned that the surrender of Bulgaria, with its suggestion of a Turkish surrender to follow, also helped the market position of Russian bonds. When the Allies have free communi-

cation with the Ukraine, through Bulgaria or through the Dardanelles and the Bosphorus, interesting developments may be expected in that part of Russia and in Rumania.

Canadian industrial companies continue to come forward with statements of extraordinary profits. Even those who expected an excellent showing by the Ogilvie Flour Mills Co. were surprised by the figures given in the report. It was thought at the time that the \$1,519,000 of net profits earned in 1915 would stand as the high record for a number of years; but the \$1,955,000 shown on the present occasion overtops the 1915 record by a considerable margin. It is understood that the large profits from sources other than flour milling were largely due to the rise in prices of coarse grains. These great profits have sufficed to create enormous reserves against emergencies after providing for the large bonuses and increased regular dividends. While the shareholders benefit greatly from the generous distributions, it may be said that the Dominion Treasury will also have a handsome participation, as a result of the application of the excess profits tax.

The premium on New York funds at last is showing signs of weakening, as the grain movement in Western Canada attains momentum. During the whole month of September the receipts of wheat at Winnipeg did not amount to more than 10,000,000 or 12,000,000 bushels, an average of say 400,000 bushels per day. Since the commencement of October the daily average of receipts has been three times as much, and this increase would naturally have some effect on the market for New York funds as soon as the grain shipments could be converted into export bills negotiable in New York.

A side-light on the ups and downs of the munition industry is given by the Russell Motors Co.'s annual report. The report states that at the beginning of the fiscal year, the company was working at capacity with orders in time fuses, graze fuses, and 9.2 shells. In August came instructions to cease work in all these departments, "so that practically the whole of the company's organization was thrown out of employment and its equipment left idle." Almost at once, orders were, however, received for 6-inch shells to take up the capacity previously engaged upon 9.2 shells, and later orders for parts of fuses were received from the United States Government. Then, the contract for 6-inch shells having been completed, the plant was again reconstructed for the manufacture of shells for the United States Government. Now the munition makers have to take more closely into their calculations the uncertainty as regards termination of the war.

Money rates in New York are firmly held. Call loans are quoted at 6 per cent., and when the col-

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