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R. WILSON-SMITH, *Proprietor*.

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## THE GENERAL FINANCIAL SITUATION.

In spite of the reduction of its discount rate last week from 4½ to 4 p.c. the Bank of England secured the bulk of the $3,300,000 new gold arriving in London on Monday. The current week has seen a further weakening in European money rates generally. In London call money in the market is below the level established a week ago being now 1½ to 2 p.c.; short bills and three months' bills remain at 3¼ p.c.

Three per cent. and 5 p.c. continue to be the official bank rates at Paris and Berlin respectively. In the former market the open rate is 2 11-16, and in the latter it is 3¼ p.c. With the recent decline the market rate for time bills in Berlin became for the first time in a long while as low as that prevailing in London. It is to be remembered, however, that London has latterly been financing a considerable volume of Canadian, United States, and South American transactions. Indeed at all times the British centre is engaged in world-finance more extensively than either Berlin or Paris. It is said that New York financiers have been borrowing very largely in London in the last two or three weeks; and it may be taken for granted that this accommodation was paid for at satisfactory rates. Well-informed critics in New York have referred to it as being expensive for the borrowers. The point is that if the money market in London is kept at a little higher or stiffer level because of London's loans to foreign and colonial enterprises, it can be assumed that the British lenders are making excellent profits out of the transactions. Of course, it is one of the duties of the Bank of England to see to it that London's liquid capital is not embarked in these or other projects to such an extent as to endanger the general situation.

So far as the coming of cheaper rates in Germany is concerned the other centres will, no doubt, be relieved that affairs in Berlin are again about down to normal.

The money situation in New York has not so far exhibited the customary January ease. Though it is the middle of the month rates for money are still rather high; and those for 60 day money actually stiffened during the week. Call loans are 3 to 4¼; 60 day loans, 4¼ to 4½; 90 day, 4¼ to 4½; and six months 4¼ to 4½. Last Saturday the clearing house banks in New York reported a loan reduction of $14,100,000; and, as it was accompanied by a $10,400,000 gain in cash, the surplus increased $11,000,000, and stands at $14,549,225. The trust companies and non-member state banks reported a large loan reduction also—$19,600,000, and a cash gain of $2,000,000. The gain of cash resources came, undoubtedly, from the return of holiday money and of currency from the interior. The loan reduction is supposed to have been brought about largely through the borrowings in London above referred to. As there was also some genuine liquidation of stock market loans, to judge by the course of Wall Street prices during the week, the English lenders would have the satisfaction of knowing that their funds are not being used, so far at least, for the purpose of bringing off a bull movement in stocks.

Call loans in Montreal and Toronto rule at 5 to 5½ p.c. The stubborness with which the high interest rates are held in New York has induced the banks to take a stiffer attitude with regard to their loans to the brokers at home.

Apparently the applications to London for capital, emanating from Canadian corporations and governments, during the current year, will again amount to a large total. Cables received this week refer to an issue of £1,000,000 in 4 p.c. debentures by the Grand Trunk Pacific Company—the issue price being 92½; and to an issue through the Bank of Montreal of £325,000, 4½ p.c., City of Calgary debentures at 103½. The Dominion Government is certain to be a heavy borrower. Also several important railway and other corporations are likely to figure prominently as issuers of bonds or other securities. So, unless something happens to greatly upset investment conditions in the United Kingdom, it is likely that through 1910 the banks in Canada will be receiving further important accessions of funds from outside countries. In this connection it is to be remembered that after this week the political situation in Great Britain may be expected to settle down. Probably it will be found that startling or revolutionary changes in the British constitution are not to be apprehended. If that turns out to be the case the British investor can be counted upon to continue his steady support of those Canadian enterprises, the applica-