The Chronicle

Banking, Insurance and Finance

ESTABLISHED 1881. PUBLISHED EVERY FRIDAY.

R. WILSON-SMITH, *Proprietor.* ARTHUR H. ROWLAND, *Editor.*

Chief Office:
GUARDIAN BUILDING, 160 ST. JAMES STREET, MONTREAL.

Annual Subscription, $3.00. Single Copy, 10 cents

MONTREAL, FRIDAY, MARCH 21, 1913.

INDEX TO PRINCIPAL CONTENTS

THE GENERAL FINANCIAL SITUATION.

As expected, Germany put in her bid for the new gold appearing in the London market on Monday. About $4,000,000 worth of the metal was available, and it was shared by Germany and India. Bank rate in London is held as yet at 5 per cent., but the expectation is that a reduction to 4½ will materialize before very long. The London *Statist* states that the monetary stringency in Europe is gradually lifting, and that the progress now should be towards lower rates. An easier tendency is already visible in the open market at London. Call money is quoted 4½ to 4¾; short bills are 4 13-16 to 4⅞; and three months' bills, 4 13-16 to 4⅞. With the advent of April the British Government begins a new fiscal year; and the release of Government funds now held by the Bank of England is counted upon as another factor that will work towards easier conditions.

* * * *

Bank rate at Paris is held at 4 p.c.; and at Berlin the Imperial Bank of Germany quotes 6 as heretofore. The private rate at Paris is 4 and at Berlin 6. German banks still appear in the New York market as strong bidders for loans, or rather "special deposits" as they call them. As high as 9 per cent. has been offered, without however getting much response.

* * * *

Call loans in New York are a little lower—at 4½ p.c.—while rates for time money are firmly maintained. Sixty day loans are 6 p.c.; ninety days, 5¾ to 6; and six months, 5¾. Contrary to expectations the bank statement on Saturday showed a large gain in reserve strength. In case of all members of the clearing house, loans were reduced $22,201,000, while cash holdings fell no more than $200,000. Consequently the surplus reserve increased $5,863,200, and stands at $9,237,450. On comparing this actual showing with the average statement, it is seen that the improvement was effected towards the end of the week. The banks taken by themselves made an even better showing. Their loans were reduced $23,930,000, and cash increased $500,000, with the result of increasing the surplus by $6,178,250.

* * * *

The great drain on the New York banks latterly has been in connection with the gold exports—first to the Argentine Republic and later to France and Germany. The best opinion is that the American market has given up gold in order to support the various European centres which were under severe pressure. It is thought the outgo represented to a considerable extent loans or advances made by New York to Europe. Of course, a large amount of American securities have been sent home by European investors; but the produce shipped by the United States should easily pay for them. So the natural conclusion is that New York's position with regard to international exchanges is at present very strong; and probably the American centre will be in position to draw gold extensively from abroad as soon as London, Paris, and Berlin settle down to normal conditions. In the meantime the securities market in New York continues to be unsettled over the outcome of the Union Pacific—Southern Pacific dissolution. Opinion now seems to incline to the theory that the operation will be confined to the sale of Southern Pacific stock held by Union Pacific, and that the Southern Pacific may retain possession of Central Pacific. The attitude of the California Interstate Commerce Commission indicates that in case of some public bodies the rights of railway stockholders get scant consideration. It is becoming clear that the policy followed by legislatures and commissions towards the railways is having serious effect in intimidating capital; and in the long run the interests of the common people will be injured most by the ill-considered activity of their repre-