

# The Chronicle

## Banking, Insurance and Finance

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## PREPARATIONS FOR CROP-MOVING.

Canada has had another week of quiet preparation for the work of moving the crops. That it will be a little more difficult than last year, from the banks' point of view, is generally conceded. Sir Edmund Walker and other bankers have expressed this opinion and present indications are that it will prove to be correct. Apparently the expectation that crop moving will be more difficult is not based on a belief that the agricultural production will be greatly enlarged. So far as Western Canada is concerned, the acreage devoted to the principal cereals (wheat in particular) is not much larger than in 1912. And it is generally thought that if the harvest produces say 200,000,000 bushels of wheat the result will be very satisfactory.

## INCREASE IN RAILWAY FACILITIES.

Then there has been during the past year an increase in railway facilities. The Canadian Pacific

have more double track and branch lines; the Canadian Northern and Grand Trunk Pacific have more mileage; and all of these companies have been adding to their motive power, rolling stock, terminal facilities and trans-shipment facilities. All this makes for expeditions handling of the crops, and has a tendency to lessen the burden on the banks—it enables them to get quicker returns through expediting the export movement.

## SPECIAL LOANS.

The special loans—to manufacturers, municipalities, underwriters, merchants—represent the factor which promises to make crop moving a more difficult task. Business has been so active and strong as to cause a considerable increase in the size of the credit granted to the average business man; and, owing to London's unfortunate indisposition, the banks have been unable to follow their customary policy of liquidating a large number of special loans through sales of bonds and debentures in that market. So they have a less proportionate amount of free money so to speak; and it may be necessary for them to resort to expedients.

## WAYS OF MEETING THE SITUATION.

Perhaps, when the harvest financing is in full swing—in September and October—we shall see the overdrafts in London rise to unusually large proportions. The large Canadian banks keep with their London bankers a considerable amount of securities having an international market. And perhaps this collateral will be increased during the fall of 1913 and the amount of long sterling drawn against it in New York may be greatly enlarged. That would be one way of meeting the situation. Of course, if the banks are obliged to resort to expedients of this kind it would follow necessarily that there would be no reduction in home discount rates. As a matter of fact the rates applying to mercantile discounts and call loans might work upwards when credit is stretched particularly. That would be right and proper, as it is not safe or desirable that speculation or venturesome dealings should be encouraged in such times. In the meantime there is no change in the quoted rates—call loans in Montreal and Toronto are 6 to 6½ p.c.; and commercial discounts range from 6 to 7 p.c.

## EUROPEAN DEVELOPMENTS.

The Bank of England secured the bulk of the \$6,000,000 new gold offered in London on Monday. Bank rate is 4½ p.c. Quotations prevailing in the London market are: call money, 2 to 3 p.c.; short bills, 4½; and three months' bills, 4¼ to 5½. The official rate of the Bank of France is 4 p.c., and discounts in the private market at Paris are 3¼. The Imperial Bank of Germany quotes 6, and the Berlin private rate is 4¾. It is expected that the next statement of the German bank will show a marked improvement of its position.