The Chronicle
Banking, Insurance and Finance

ESTABLISHED 1881. PUBLISHED EVERY FRIDAY

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

London, England, Branch Office:
19 LUDGATE HILL, E.C.

Annual Subscription, $2.00. Single Copy, 10 cents

MONTREAL, FRIDAY, JANUARY 13, 1911.

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THE GENERAL FINANCIAL SITUATION.

The $3,000,000 of new South African gold arriving in London on Monday was split into three parcels—the Bank of England, the Continent and India each taking a share. Bank rate at the British capital remains unchanged at 4½ p.c. In the London market the tendency has been towards slightly dearer money. Call money is 3 to 3¼ p.c.; short bills, 3¾. At Paris the market is the same as a week ago, 2 11-16; and at Berlin the rate is 3½. The Bank of France and the Imperial Bank of Germany retain in force the official rates hitherto quoted by them—3 p.c. and 5 p.c. respectively.

In New York the customary January easing off in interest rates has been somewhat delayed by the banking troubles that developed at the end of last week. Call loans are 2⅞ p.c.; sixty day paper, 3¼ to 3½; ninety days, 3⅜ to 3½; and six months 3½ to 3¾ p.c. The Saturday statement of the clearing house banks shows a large gain in surplus—$12,563,000. It was effected by means of a cash gain of $10,240,000 and a loan reduction of $22,630,000. After this large addition was made the surplus stood at $18,748,725. The trust companies and non-member state banks also strengthened their position materially, chiefly through loan reduction. Their loans decreased $7,878,000 and cash increased $500,000—the net result of the changes being a rise in the proportion of reserve to liability from 17.0 p.c. to 17.3 p.c.

The cash gains reported by the two classes of banks are entirely natural. This is the season in which the currency used in the interior during the past three months, returns to New York in heavy volume. Also under ordinary circumstances a contraction of loans might be expected to occur at the same time. But it is hardly likely that so much as $30,000,000 would be knocked off the total of loans during the week through the operations of these natural movements. It is probable that there were fresh borrowings in Europe on a considerable scale by the New York bankers. One may presume that the closing of the Carnegie Trust Company on Saturday was not a surprise to the leading bankers. And it may be presumed also that they would, in anticipation of the announcement of that failure, take steps to ensure that the bank statement was good and favorable. Later will come the necessity of paying the loans negotiated in Europe and that of re-assuming the loans shifted to outside institutions. When these processes are going on increase in the loans carried by the clearing house banks will be the order of the day.

One must conclude that the outlook for United States industry and trade is not favorable. Also that the stand pat policy in regard to prices as practised by the large industrial corporations is in some measure responsible for the unfavorable outlook. Persisted in indefinitely, that policy will have a tendency to prolong the dullness and depression that is settling upon industry and trade. However, it is to be admitted that a period of depressed trade need not necessarily mean a heavy fall in Wall Street's prices for securities. It speaks of cheaper money and of relaxation of the banking strain. And those things usually lead to increased inquiry for good bonds and good dividend paying stocks.

Then, although any lowering of the tariff obstructions to trade between the United States and ourselves may be expected to promote a larger