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THE GENERAL FINANCIAL SITUATION

(Continued from Front Page).

are also up for the month by just over three millions to \$112,869,399. Call loans are naturally somewhat contracted, Canadian call loans being down by approximately \$450,000 to \$73,685,136, while call loans abroad were lowered by \$2,639,952 to \$157,040,858. Both totals are, however, somewhat higher than a year ago, Canadian call loans by two millions and call loans abroad by six millions. Central gold reserve is increased to \$123,900,000, practically a 25 per cent. growth for the month, the banks' own holdings of Dominion notes being correspondingly reduced by nearly \$20,000,000 to \$167,225,818.

With the flotation of the Victory Loan safely accomplished trading is being resumed in the bonds of the First Victory Loan, and arrangements made for trading in the bonds lately issued. The system of trading through committees is being retained for the earlier loan for the time being, and while financial opinion is reported as steadily increasing in favour of the view that the earlier bonds can now be safely transferred to the Stock Exchanges, to find their own level, it may be assumed with some confidence that this step is not likely to be taken until it can be considered as reasonably certain that the price level now established will not suffer by it. The natural sequence to such a step would undoubtedly be a temporarily sagging trading, and such a trading might easily alarm those holders of the bonds who are not familiar with the price fluctuation of securities, and create trouble not only on that account but in the flotation of future loans. In view of the possibilities which have been discussed in the earlier part of this article, regarding future national financing, it is evident that no risks can be run in this direction. The new prices established are for the first loan:—5-year bonds, 1922, 99-100; 10-year bonds, 1927, 99¼-100¼ and 20-year, 1937, 100-101; for the second loan, five-year, 1923, and 15-year, 1933, 99¼-100¼. The demand for the 1937 bonds of the first issue seems to be considerably greater than the supply, and it is doubtful whether the new advance in price will result in bringing out many bonds. The buying price established for the second issue is, of course, approximately the actual cost to the subscriber.

A matter of some interest as a sign of the times, if nothing else, is the action of the United States Government announced this week in con-

nection with the International Mercantile Marine shipping deal. The International Mercantile Marine Company has, as is well known, for some time, been negotiating the sale of the ships under British registry belonging to the immense fleet which it controls, including many famous liners, to a British syndicate, the purchase price being in the neighborhood of \$90,000,000. The American Government, not wishing these ships to pass out of American control, has now agreed to purchase them at the price offered by the British syndicate, so that this great fleet of 85 ships will in future, while retaining their British registry, form to all intents and purposes an American Government controlled fleet. Such a transaction in the United States, the home of sturdy individualism in business would have been almost inconceivable even three or four years ago, and the event is certainly an interesting milestone of new tendencies in business, whatever may be thought of them.

BANK OF MONTREAL'S REPORT.

The 101st Annual Statement of the Bank of Montreal for the year ending October 31st coming as it does at the end of the war, and the remarkable record of the Victory Loan will inspire confidence in the strong position in which the bank faces the reconstruction period. The Bank of Montreal has played a prominent part in the financing of Canada's part in the war, not only in the assistance it rendered to the Dominion Government but in the carrying on of industrial activity growing out of the demands of the war upon the manufacturers and the agricultural population.

Part of the increase in resources became available only towards the close of the year, when the Bank of British North America was taken over, and consequently did not enter to any extent in the earning results of the year. Profits, however, show a moderate gain at \$2,562,720 against \$2,477,969 a year ago. After payment of the usual dividends and bonuses, totalling 12 per cent., providing \$160,000 for war tax on circulation, donating \$46,000 to patriotic funds and reserving \$200,000 for bank premises account, a sum of \$236,720 remained to be added to profit and loss balance.

Comparisons of earning results for three years follow:

	1918	1917	1916
Profits.....	\$2,562,720	\$2,477,969	\$2,200,471
Less:			
Dividend.....	1,600,000	1,600,000	1,600,000
Bonuses.....	320,000	320,000	320,000
War tax.....	160,000	160,000	160,000
Patriotic.....	46,000	47,500
Bank premis..	200,000	100,000
Tot. deduct ..	\$2,326,000	\$2,227,500	\$2,080,000
Balance	236,720	250,469	120,471
Prev. bal	1,664,893	1,414,423	1,293,952
Tot. P. & L...	\$1,901,613	\$1,664,893	\$1,414,423

The general position of the bank continues one of commanding strength. Cash holdings exclusive of a deposit of \$27,700,000 in the Central Gold Reserve, amount to 94 millions, or about 18.1 per cent. of liabilities to the public, against 51 millions or about 14 per cent. a year ago. Quick assets including security holdings, amount to 370 millions, a propor-

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