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R. WILSON-SMITH, *Proprietor*.

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GENERAL FINANCIAL SITUATION.

The Bank of England secured a little more than half of the consignment of South African gold which arrived in London on Monday—but lost considerable bullion to Europe and India at mid-week.

The three per cent. bank rate was left undisturbed. Rates in the market are changed but little: Call money $1\frac{1}{4}$ to $1\frac{3}{4}$; short bills, $2\frac{1}{4}$; and three months' mills, $2\frac{3}{8}$. The political situation in the United Kingdom now promises to become more satisfactory from the financial point of view. Announcement has been made by the Asquith Government that it will bend its efforts to the clearing up of the financial tangle resulting from the rejection of the last budget. As it is understood that the opposition will co-operate with the ministry, there is a prospect that before the close of the fiscal year on the 31st instant arrangements will be made for taking care of the Imperial Government's huge floating debt in a satisfactory manner and for the collection of the over due revenue. In the meantime the Bank of England's advances to the Exchequer have risen above £20,000,000.

Across the Channel at Paris the official bank rate is still 3 per cent. The market rules at $2\frac{1}{4}$, which is a shade under last week's figure. Bank rate at Berlin is also the same as a week ago—4 p.c., while the market is $3\frac{3}{8}$ —a fraction higher than last week.

Financial markets on the Continent of Europe have been free from disturbances of a political character during the week, the outlook may be described as satisfactory and tending rather to the continuation of low interest rates. So far as London is concerned the cables lately have had a good deal to say regarding the extent of the craze for speculation in rubber prospects and shares. Evidently this speculation is running to extremes and a collapse in that section of the market is

among the possibilities. However, there is hardly a probability if the break-down does eventuate that it will interfere materially with the movement of British capital to Canada. Sir Edgar Speyer this week in Toronto reiterated the statements made recently by other eminent British financiers, viz., that the United Kingdom was prepared to give a full and generous backing to the industrial development of this country; and he intimated that large as the remittance of English capital has been in the past two years, the records were likely to be broken in the immediate future.

In New York the financial situation has been quieting down. The feelings of alarm over the recent pronounced weakness of the securities markets has, to a considerable extent, passed away. Some reports state that conditions in the bond market are becoming more satisfactory.

Bond issues in increasing numbers are being sold by United States railroads to bankers—indicating that the building up of systems is to be proceeded with steadily. New York financial observers consider that the action of the directors of the Lake Shore Company in declaring an extra dividend of 6 per cent. is highly significant. They evidently think they see good business ahead, not bad, and furthermore, this extra would seem to foreshadow an increase in the New York Central dividend of 1 per cent. as it amounts to about $1\frac{1}{4}$ per cent. on Central's stock. The encouraging nature of the Pennsylvania Railroad's annual report was also reassuring to the New York market—which still marks time, however. The labour situation, reports of crop damage in the Southwest, restriction of cotton mill activity and the curtailment of export trade under high-price conditions, are factors that make for market caution.

Call loans in New York rule at around $2\frac{3}{4}$ and 3. Time money is quiet: 60 days, $3\frac{1}{2}$; 90 days, $3\frac{1}{2}$ to $3\frac{3}{4}$; six months, $3\frac{3}{4}$ to 4 p.c. The Saturday bank statement disclosed another loss of surplus by the clearing house banks—this time amounting to \$3,200,000. It came about through an increase of \$8,200,000 in the loans and a loss of a million in cash. After the reduction the surplus stood at \$20,815,450. It is to be noted that the trust company loans decreased about as much as the loans of the clearing house banks increased. One is at liberty to make certain inferences from this circumstance.

There has been considerable interest manifested again this week in the course of the foreign exchange market at New York. It has ruled consistently high and the question of gold exports promises to come in for discussion before long unless something happens to put a new complexion on the market. It will be seen that call rates in