

# The Chronicle

## Banking, Insurance and Finance

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### THE GENERAL FINANCIAL SITUATION.

Bank rate in London is still held at 3 p.c. In the market call money is quoted 1 to 1½ p.c.; short bills, 2 p.c.; three months bills, 2 1-16 p.c. The market at Paris is 2½ and at Berlin 2¼. Bank of France rate is 3 p.c. and that of the German Bank 4, as hitherto quoted. Concurrently with the easing of the money market in London, the Bank of England is reporting a strong ratio of reserve to liabilities and the outlook in Europe continues to be for a period of low interest rates. This is of considerable importance to Canada and the United States, as both countries will require an almost continuous supply of capital from Europe, during the next ten or twenty years at any rate.

In New York call loans are 2¼ to 2½ p.c. with most of the business done at 2¾. Demand for time money has been fair but the supply of funds proves ample. Sixty day loans, 2½ to 2¾ ninety days, 3; six months, 3¼ to 3¾ p.c. The bank statement on Saturday showed a measure of recovery of strength. Thus for all members there was reported a loan reduction of \$900,000, a cash increase of \$6,700,000, and increase of excess reserves amounting to \$4,300,000. The banks alone made a better showing, for their loans were reduced \$8,600,000, their cash increased \$6,700,000, and surplus increased \$5,600,000, the last mentioned item standing now at \$9,503,250. So there was a considerable amount of shifting of loans from the banks to the trust companies in the association. The process of paying over to the Government the proceeds of the Panama Canal loan is now completed and the dividends and interest payments disbursed at the beginning of the month are now flowing back freely to the banks in the central cities. It is also said that the United States Treasury will probably re-deposit in the banks some of the funds lately drawn from the market.

Financiers everywhere are giving a large share of their attention to the crops in America. It seems to be recognised that the recent extraordinary hot spell has damaged the prospects in various directions. The rains which appeared generally at the close of last week served to avert complete destruction where the situation was critical. It is stated, however, that the ground is so extremely dry that it absorbs the moisture very rapidly. For example the president of the Atchison, Topeka & Santa Fe Railway says twenty-five per cent. of the corn in the territory of that system is in a critical condition, and half of the 25 p.c. is already damaged. If there is plenty of rain the damaged corn can be used, but will be low grade. On the other hand it seems that a huge cotton crop is a practical certainty and a very large spring wheat crop in the Northwest is also a reasonably sure thing. These two events will undoubtedly have a most important effect upon the general situation in the States during the coming fall and winter; perhaps they will have a dominating influence. As regards the cotton crop there are some doubts about whether it will be financed as smoothly and satisfactorily as usual. The prospect that the yield will be large and that the price of the staple may be high predicates an abnormal demand for credits on behalf of the cotton producing and spinning interests. And the situation is complicated by the reopening of the bill of lading controversy by the European bankers. It will be remembered that the English and other bankers in Europe accepted bills drawn against cotton bills of lading under protest, so to speak, last year. They accepted bills and carried