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R. WILSON-SMITH. ARTHUR H. ROWLAND.
Proprietor. Editor.

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THE GENERAL FINANCIAL SITUATION.

The Transvaal gold available in London on Monday amounted to \$6,000,000. Very little competition developed. Paris took \$2,000,000; India, \$500,000; and the rest was left in the market presumably to go to the Bank of England in the ordinary course. Bank rate at the British capital stands at 5 p.c. In the open market call money is quoted 2½ to 3½ p.c.; short bills are 4½ to 4¾; and three months' bills, 4 13-16 to 4¾. At Paris the Bank of France holds to its official 4 p.c., and discounts in the private market are also 4 p.c. Bank rate in Berlin is 6 p.c. as before, but the private rate of discount has fallen to 4%.

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Notwithstanding the efforts of the yellow press to keep Europe and America at extreme tension over the political outlook, events seem to be tending gradually towards a settlement of the Balkan trouble. Nobody who had any knowledge of Turkish characteristics expected a speedy end to the negotiations now proceeding in London. It is the Oriental nature to move slowly and tortuously in a case of this kind. Turkey has to make great concessions; but before

they are made her representatives will use all their wiles in the effort to gain time and to reduce their opponents' demands to the irreducible minimum. It is to be hoped that before 1913 is very old this troublesome Balkan question will be well on the way to a satisfactory settlement.

* * * *

Next week, when the financing for the year-end has been all completed, the monetary situation in Berlin should show some improvement. The arrival of the new year commonly coincides with a measure of monetary relaxation in London too. Several of the London financial journals express the opinion that the European money markets will be more or less subject to stringent conditions during the first quarter of 1913. If that turns out to be the case, doubtless the business of floating new Canadian securities in London will not attain an extraordinarily large volume. However, the municipal authorities in Canada are gradually coming round in the direction of accepting the 5 p.c. interest basis as an established fact. Several cities are said to be preparing debentures to be issued on that basis.

* * * *

The money market in New York has been undergoing the usual twinges consequent upon preparation for the January disbursements. The bears on stocks took advantage of the circumstance to put out some shorts, but the trading has been extremely dull. All the indications point to an easier money market next week; and by the middle of the month funds should be quite plentiful. This prospective change in New York conditions may have some effect in easing the tension at Montreal and Toronto.

* * * *

Call loans in New York are 5¾ p.c.; sixty day loans are quoted 5 to 5½; 90 days, 5¼ to 5½ p.c.; and six months 5. The Saturday bank statement revealed a loss of strength on the part of the clearing house institutions in the American metropolis. Taking all members the loans increased \$13,580,000; the cash increased \$4,870,000; the excess cash reserve decreased \$1,744,000, and now stands at \$396,600. In the case of the banks alone the loan expansion amounted to \$19,692,000; the cash gain to \$4,514,000; and the surplus decreased \$1,605,000 to \$7,263,500. It is said that the big German banks did not this week press their offers of high interest rates for loans or special deposits. New York does not know whether their withdrawal ensued because their needs had been fully provided for, or because of the lack of response in America to their offers.

* * * *

The London Statist has predicted that trade in America will become very active during the first half of 1913, and there are many indications that this estimate will prove to be correct. Underlying conditions are known to be sound and healthy; and that being the case the business world should be able to throw off the depression and unsettlement consequent upon the Government suits and tariff revision. Of course there might be a great improvement in business without a boom in stocks; but if general business is good and money fairly easy the chances are that stock prices will tend upwards.

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The situation in Canada is not much changed as regards money rates. One of the large banks raised