The Chronicle

Banking, Insurance and Finance

ESTABLISHED 1881. PUBLISHED EVERY FRIDAY.

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

Chief Office:

GUARDIAN BUILDING, 160 ST. JAMES STREET, MONTREAL.

Annual Subscription, $3.00. Single Copy, 10 cents

MONTREAL, FRIDAY, MAY 30, 1913.

INDEX TO PRINCIPAL CONTENTS

HIGH INTEREST RATES.

Call loans in Montreal and Toronto are unchanged at 6 to 6½, and rates of discount applying to commercial paper range from 6 to 7 per cent. From time to time offerings of securities at attractive prices are made in the home market by industrial and other corporations which, having committed themselves to extensive expenditures, must find the money therefore notwithstanding the unfavorable state of the market. Although bonds of well established companies have been and are offered on the 6 p.c. basis, and preferred stocks on the 7 p.c. basis, there seems to be a disposition in some quarters to expect that investors will have even better opportunities presented to them in the immediate future. Whether such expectations will be realized or not remains to be seen. In this connection it should be remembered that there are limits to the prices which industrial and other companies can afford to pay for capital. If the interest cost becomes too heavy the ability of the borrower to prosecute his business with success is impaired. Speaking of this subject a prominent English banker remarked the other day that if the companies seeking credit in that market raised their bids to any marked extent he feared there would eventually be a *débacle* since they could not bear the burden.

HIGH RATES NOW PROCURABLE.

Of course, if a panic developed the opportunities of securing high yields would be still more in evidence. But the chances are that many investors who are now sitting down on their cash waiting for the grand opportunity would be too frightened to buy at panic prices. Our friends in the United States, and some also in Europe, have on various occasions during the past three years clearly discerned the approach of a panic or crisis which was to overwhelm the credit structure in Canada. But somehow or other the funnel-shaped cloud always failed to reach the expected destination. The Canadian banking system is strong and well-rooted; the evidence recently given before the Banking Committee at Ottawa showed that the practices and methods of the bankers are sound and conservative; and those who are waiting and watching for a succession of wide-open breaks may wait a long time before their chance comes round. In the meantime there is 5 p.c. to be had on the safest municipals, 6 p.c. on good industrial bonds, and 7 on preferred stocks without any trouble or effort.

THE EUROPEAN POSITION.

The Bank of England again secured the bulk of the South African gold shipments, which amounted this week to $5,000,000. Bank rate in London is maintained at 4½ p.c. In the market call money is quoted 2¾ to 3 p.c.; short bills are 3¾ per cent.; and three months' bills 3¾ per cent. These quotations are fractionally lower than last week's figures. The Bank of France continues to quote 4 per cent as its official minimum; and the private rate at the French centre is 3⅞. The Imperial Bank of Germany quotes 6 and the Berlin private rate is 5⅛. At these continental centres also a slight tendency towards lower rates is thus in evidence, but the deadlock over the Balkan settlement is proving troublesome for the European bankers. The allies of yesterday are quarreling vigorously among themselves; and apparently nobody knows when they will be able to reach an agreement or whether they can reach one without having another war. In the meantime the *post-bellum* financing is held up.

NEW YORK DEVELOPMENT.

Call loans at New York are off a fraction, the business being mostly done at 2½ p.c. Time money however has been firmly held. Sixty day loans are 3¾ to 4 p.c.; ninety days, 4 p.c.; and six months, 4¾ p.c. These rates are slightly higher than the