

# The Chronicle

## Banking Insurance and Finance

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## STOCK MARKET STRENGTH.

One remarkable feature of the past week has been the strength displayed by the Wall Street stock market. Early in the week the representative stocks rose abruptly several points, Canadian Pacific being conspicuously in the lead. At the high point then scored C. P. R. stood 10 or 11 points above the recent low level; and other American rails showed advances of from 6 to 10. Possibly there has been some buying of our premier railway by parties who expect that a deal may be announced in connection with the segregation of the steamship lines from the general property of the Company; but the probability is that the improvement in prices has been due to the gradual strengthening of the financial situation in America and in England, and to the accumulation of large supplies of cheap call money in New York and London. This together with the high prices of wheat and the prospects of heavy exports to Europe would naturally stimulate the interest of speculators at the American centre.

### WAR PROSPECTS.

At the same time it is to be remembered that no such demonstration of strength in the stock markets would be possible if the well informed experts handling the finances of the two big Anglo-Saxon centres

had any good reason to fear important German successes in Europe. The financial interests of New York and London are so closely intertwined that New York may be counted on to reflect faithfully the changes of sentiment occurring in London as regards the war prospects. Both markets will undoubtedly be depressed whenever the Teutonic enemy scores a decided gain, and both will be buoyant whenever the fortune of war favors the Allies in a decided way. So it is reasonable enough to take this week's rise as a good indication that the war is progressing in eminently satisfactory manner for ourselves. Probably a good rise in stocks at New York constitutes better ground for cheerfulness or optimism than anything which the newspapers are permitted to publish. With reference to good news from the front it is altogether likely that publication of the same in the press would be preceded by a rising stock market movement.

### A GRADUAL IMPROVEMENT.

The general business situation here continues to move gradually towards improvement. There has been further increase of industrial activity as a result of the special war orders, and the excitement in the wheat market has had a tendency to arouse strong expectations of better times all round in the course of two or three months when the farmers are able to get on the land. It seems also that satisfactory progress is being made in the matter of developing a good market in New York for Canadian bonds and debentures. It is thought that several issues of some consequence may be announced before very long. If negotiations are successful a marked effect will be produced on our foreign exchange market, and the question of heavy gold exports will be shoved for the time into the background.

Money market conditions are slowly improving. The bankers and other financiers are regaining their confidence and showing more disposition to make investments as usual. Call loans in Montreal and Toronto are however still held at 6 to 6½ p.c., and mercantile discounts range from 6 to 7.

### FOREIGN MONEY MARKET.

Call money in London is 1 p.c.; short bills are 2 1-16; three months' bills, 2½ p.c. Bank of England rate is still held at 5 p.c. There have been rumors of a pending reduction, but perhaps the bank directors will consider it good policy under present circumstances to ignore the apparent ease in the London market and hold their official rate at such a level as will not induce too extensive speculative commitments. Bank rates at Paris and Berlin stand at 5 p.c. The Imperial Bank of Germany continues to make great claims of increasing gold holdings, but in view of the doubt as to what items are counted as gold, these statements should be taken with skepticism.

Call money in New York is steady at 1¾ to 2 p.c., most of the loans being at the higher rate. Time