

General Financial Situation.

SOBERING EFFECT OF LONDON'S ATTITUDE.

**Return of Securities from Europe to New York—
Banks' Position—Call Loans Rule at 5 per cent.
in Canada—Dividend Prospects of Canadian
Securities.**

As had been expected the Bank of England has succeeded reasonably well in imposing its will upon the money market in London, for the rates now quoted in the open market are well up to the bank's official quotation. This week the 5 per cent. figure is adhered to; and in the market call money is quoted at $4\frac{1}{2}$ to $4\frac{3}{4}$; short bills 4 9-16; three months' bills $4\frac{5}{8}$.

There is some discussion of the question as to whether the bank really aimed at the active Wall Street speculation in putting up its rate so sharply. Some parties hold that no such design was had in mind by the directors when they took action. However, whether this was one of their purposes or not, it is a fact that the imposition of the 5 per cent. rate operated to sober the enthusiasm of the adventurous Wall Street bulls. They do not now talk of the resumption of an aggressive campaign for the rise until the task of financing the crop and the end of the year dividend and interest disbursements are out of the way. The Bank of England's action, taken with that of the Imperial Bank of Germany, appears to have sobered the speculators in Berlin as well. Cable reports now coming to hand state that the trading on the exchanges is dull and quiet.

European and American Money Rates.

The Bank of France and the Bank of Germany both maintained their discount rates unchanged—the former at 3, the latter at 5. Open market in Paris is $2\frac{7}{8}$ an in Berlin $4\frac{1}{2}$.

Call loans in New York rule at 4 p.c., but the fluctuations have extended from $3\frac{1}{2}$ to 5. 60 day money is $4\frac{3}{4}$; 90 days $4\frac{3}{4}$; and six months $4\frac{1}{2}$ to $4\frac{3}{4}$. Last Saturday the surplus reserve of the New York banks underwent a shrinkage of \$5,507,000. The fall was due however to loss of cash to the interior rather than to expansion of loans. The item of loans did expand, to be sure, but the increase was less than \$2,000,000. Cash fell nearly \$6,700,000. The surplus stood at \$11,099,600. Cash movements to the interior are reported as large this week. As the state banks and non-member trust companies reported a decrease of \$4,840,000 in loans, it seems as if the much-talked of return of securities from Europe had not as yet affected the bank position materially. Perhaps it will not do so to the extent that was expected. One very competent authority states that the securities shipped back by Europe in this instance would not amount to more than \$25,000,000 or \$30,000,000. It points out that now-a-days when European lenders advance on Wall Street collateral the usual practice is for the borrower to deposit his stocks and bonds with a New York city trust company which holds them as representative of the lenders. So that when this method is followed there is no need to ship collateral to Europe on borrowing and back again on paying off.

Canadian Call Loans at 5 per cent.

It was noted last week that the banks in Canada had made something of an effort to work the call loan rate in Montreal and Toronto to the 5 p.c. level. A more general movement in that direction was seen in the present week; and it can be said that 5 p.c. is now the prevailing rate for stock market loans. In view of the rates now ruling in London, Berlin and New York, 5 p.c. for Canadian call loans does not seem unreasonably high. It is well known that the banks rate their home call loans as inferior to the foreign call loans for specie-producing purposes. And on that account they might naturally wish to get a slightly higher rate upon them. But in steadiness of income rate the Canadian loans are superior. The interest rate here and in Toronto does not fluctuate as does the rate in New York and London. When 5 p.c. or 6 or 7 prevails in either or both of those outside markets our bankers know that it will not likely be of long duration. They may get the high rate for three or four weeks or perhaps for two or three months, and then have to be content for a long spell with something less than they get in the Dominion.

Much satisfaction is felt in local financial circles over the continued large growth of the Montreal clearings. For the month of October the clearings were \$186,151,093, as against \$140,602,161 in the same month last year. And for the year to date the total is \$1,477,000,000, as against \$1,185,000,000 in 1908. It may be conceded that activity in the local stock markets and the financing of the mergers and deals which have been so numerous lately have had a considerable effect on the records of bank exchanges. But, after making a liberal allowance for them, there is left a handsome increase which must have been due to the healthy enlargement of our trade in the current year. Some of the younger cities—Vancouver, Calgary, and Edmonton notably—have been showing phenomenal increases in bank clearings; and Winnipeg, having distanced all the other cities, continues to press closer upon the heels of Montreal and Toronto.

It has been remarked that a number of further dividend increases are to be looked for in the Wall Street stocks. The same thing can be said of the Canadian list. One increase—that of Halifax Tram—was announced this week from a 6 p.c. to a 7 p.c. rate.

A NEW RAILROAD KING in the person of Edwin Hawley is thought by many to be succeeding the throne of the late E. H. Harriman—though through the medium of competing systems. At any rate, recent changes of alignment of certain Wall Street powers have tended to increase the prestige of this railroad leader, who already controls some 10,000 miles of road.

Hawley and the Goulds, with whom he is closely associated, will control a complete transcontinental railroad system, when the Western Pacific railroad is opened to San Francisco in a few weeks.

THE ROYAL BANK OF CANADA, has lately brought over twenty young Scotchmen for its staff. Not long ago the Union Bank engaged thirty of old Scotia's young sons.