

The Chronicle

Banking Insurance and Finance

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INDEX TO PRINCIPAL CONTENTS

	PAGE
Canada and the British Private Investor.....	1697
The Bank Reports.....	1699
Canadian Bank of Commerce.....	1701
Alberta's Hurried Insurance Legislation.....	1703
Royal Bank's Statement.....	1705
Insuring Intentions.....	1705
Workmen's Compensation in Ontario.....	1707
Bank and Traffic Returns.....	1713
Canadian Fire Record.....	1715
Liability for Policy of Re-insurance.....	1717
Annual Statements:	
Canadian Bank of Commerce.....	1714
Royal Bank.....	1716

The Season's Greetings.

To all friends and readers THE CHRONICLE sends at this season its greetings. The circumstances of this Christmas are such as we hope will never be seen again. But they do not preclude the sincere good wishes of friend for friend in the time-honored formula—"A HAPPY CHRISTMAS AND PROSPEROUS NEW YEAR."

THE BANK REPORTS.

Nearly all the bank reports now being published tell the story of falling profits. The three banks at the head of the list in point of total assets show a decline of roundly \$730,000 as compared with 1914; and in the case of five others reporting recently the decrease ranges from \$12,000 in the case of the Quebec Bank up to \$86,000 in the cases of the Molsons and Ottawa.

This decline in bank profits has been fully expected. It would probably have occurred even if the war had not happened. The stringency in money during the latter part of 1912 and 1913, and the ensuing trade reaction which first became noticeable over a year ago, would serve to cut down the banking profits. It is also to be remembered that the failure list has been abnormally large for about eighteen months back. This would mean that the banks would be obliged to call on

their wholesale and manufacturing customers to take up a considerable amount of paper discounted by them and representing the obligations of retailers who had passed into insolvency. This process must necessarily have weakened the position of some of the wholesalers and manufacturers who had been incautious or unwise in the matter of their credits to the trade.

Then, of course, the banks carrying the accounts of the small traders lately forced into insolvency would probably experience petty losses in some cases through these accounts. Thus there would be a necessity for rather heavier appropriations for the purpose of cutting out weak assets and at the same time the current profits would be falling as a result of the slackened demand for industrial and commercial credits.

THE MONEY MARKETS.

No change has occurred in domestic money rates. Call loans in Montreal and Toronto are 6 to 6½ as formerly; and the banks continue to grant loans with great discrimination and carefulness. Commercial paper is discountable at 6 to 7 p.c.

The London money market at the beginning of this week met a call of £30,000,000 on the new war loan, and responded easily—no disturbances of any kind being reported. Bank of England rate remains at 5 p.c., but there has been some talk of a reduction. Call money is 1 3-8 p.c.; short bills are 2 7-8 to 2 15-16 p.c.; and three months bills, 2 7-8 to 2 15-16 p.c. No change has occurred in continental rates. The Bank of France quotes 5, and the Imperial Bank of Germany, 6. In the private market at Paris 4 p.c. is still the rate, and at Berlin the rate is 6 3-4. The return of the French Government to Paris has greatly increased the confidence in financial circles there.

CAMPAIGN PROGRESS SATISFACTORY.

The news from the battle fields on the other side of the English channel indicates that the pressure applied by the Allies on the German lines is having results. Owing to the skill and science displayed by the enemy in entrenching himself and to his ample supply of machine guns, the progress made is necessarily slow; but nevertheless it is steady; some important gains have been made, the confidence of the allied troops is rising, while that of the Germans opposing them is falling. The announcement made by Chancellor Lloyd-George the other day—to the effect that there are now 2,000,000 British troops under arms and that before spring 500,000 additional men will be moved across to the Continent—is of a nature to hearten the Allies and correspondingly depress their foes. With reference to the total number under arms, it is probable that the forces operating in Asia Minor, Egypt, and those stationed in India, South Africa, Australia, Canada, and other places would account for say 500,000.