The Chronicle

Banking Insurance and Finance

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The index and title page to Volume XXXIV of THE CHRONICLE *(January 1 to December 31, 1914) are now ready and copies can be obtained on application.*

THE BANKERS NOT DISCOURAGED.

The bank meetings have taken up a considerable share of the attention of our financiers this week. While the annual reports show profits somewhat less than last year, the bankers on the whole are apparently not discouraged over the outlook. It is clear that the appropriations for depreciation in bond investments have taken up an abnormal proportion of the net earnings. Several of the banks show very large deductions for this purpose; and others have stated that, although the amount of their appropriations are not published, they required to provide a considerable sum. There is a general disposition to consider that investment values will shortly recover to some extent, and that the amounts now written off will not be lost, serving instead as an addition to the reserves.

Of course, these expectations depend for their realization upon a comparatively early ending of the war. It is scarcely possible to conceive of any important rise in security values until the financiers become convinced that the costly struggle is proceeding satisfactorily towards a complete victory for the Allies. Any news of a decisive German or Austrian defeat must necessarily tend to strengthen the markets. Until Lord Kitchener's new army takes its place at the front in April or May, our hopes in this direction are largely centred on the Russians. There appear to be fair prospects of Russia's being able to hold Von Hindenburg in check before Warsaw and press energetically after the receding Austrian line. If at the same time it transpires that Roumania and possibly Italy join the cause, everything would point to a very speedy collapse of the Teutonic resistance.

THE RISE IN WHEAT.

After last week's sensational rise, the wheat market has naturally undergone extensive fluctuation. However, the level of values has been pretty well maintained. Under ordinary circumstances a great rise in the price of wheat in America is often taken as a bear point on stocks, as it sometimes indicates a great shortage in the American yield. On the present occasion, however, the Americans have in hand a large crop and a substantial rise in the price would indicate enhanced prosperity for agriculturists and might be expected to inspire the financial markets with confidence. As a market factor this has been complicated somewhat by the war developments.

One of the news items used while the wheat market was reacting from the extreme high level of last week was the story that the British and French fleets were meeting with success in their efforts to force the passage of the Dardanelles. If these operations should be brought to a successful termination and the gains substantiated by the holding of the forts by an allied force, it would mean that Russia's wheat would find its way into the British and French markets, and thus disturb the American monopoly. Also of course it would be a very important step towards the conquest of the Germans and Austrians. So if the story was taken as reliable its natural effect would be to depress wheat prices and put up the stock market.

THE MONEY MARKETS.

Conditions have not changed greatly in the home money markets. Surface indications are that there is an increasing supply of funds available for short date loans. There seems to be also a tendency towards the reduction of net yields on municipal debenture issues. As yet, of course, there is no free market for new issues, but things are working towards an improvement in this respect, and we may shortly have the opportunity of liquefying some of the special loans of the banks on municipal and provincial debentures.

Call loans in Montreal and Toronto are at 6 to 6½ p.c. as heretofore; and commercial paper rules at 6 to 7 p.c. Call money in London is 1 p.c.; short bills, 2⅛ to 2¼; three months bills, 2¼ to 2⅜. Bank of England rate is 5 p.c. The Bank of France and the Imperial Bank of Germany both quote 5.