

# The Chronicle

## Banking Insurance and Finance

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MONTREAL, FRIDAY, FEBRUARY 12, 1915.

**OUR BORROWINGS ABROAD.**

The New York bankers have continued to interest themselves in our new security issues. This week the Ontario Provincial Treasurer confirms the sale of \$3,000,000 of bonds bearing 5 p.c. interest, at a fraction over par. The intention is to use the proceeds to pay off two temporary loans, one of which is held by banks in Toronto and the other in London, England. Thus in so far as the Canadian temporary loan is repaid the effect is to release additional funds for commercial loans and discounts here. These funds are provided through credits in New York and the tendency is to reduce the abnormal premiums on New York funds. With reference to the payment of the English loan, our exchange situation will not be affected, since the New York bankers making the loan to the Province will require to purchase the exchange.

**LONDON WANTS TO MAKE ISSUES.**

This transaction illustrates what has been taking place in connection with several other flotations of our securities at the big American centre. The Province of British Columbia, the city of Ottawa, and one or two other borrowers have also been successful in arranging loans at New York recently. A very interesting cable despatch early in the week intimated that short date money in London was getting so cheap and plentiful that the bankers there were becoming anxious to have permission to engage in new underwritings, and that the British Treasury's embargo on new capital issues would accordingly be modified. This subject is referred to more fully on the previous page, but it may be here noted that before we in Canada can expect permission to have any Canadian bonds or debentures underwritten in London, we must show urgent necessity and special circumstances. Presumably that could be done in particular cases. The thought arises that in view of the great ease and cheapness of money at the Imperial

capital, the British government might be disposed to relax the conditions to a certain extent. On the other hand, they will naturally hesitate to do anything which would militate against the entire success of another big war loan. The payments on the first loan of £350,000,000, have just lately commenced, and perhaps a new loan will not be announced until the last one is completed or approaching completion.

**POSSIBLE RUSSIAN LOAN IN LONDON.**

In view of the tremendous efforts which Russia is making in the common cause, it is but reasonable to expect that we shall hear soon of a big Russian loan in London. Also London will be likely to facilitate as far as possible France's efforts to provide new funds for fighting the Germans. So taking account of the prospects of Russian and French loans, advances by England to the smaller powers allied with the Triple Entente, and the next big loan for Britain herself, there will be lots of employment offering for the surplus funds now weighing on the market, apart from issues made under any modification of that embargo which may be permitted.

**THE MONEY MARKET.**

Money market conditions in Canada, though working in the direction of greater ease, have not changed much. Call loans are 6 to 6½ p.c.; 2½ p.c. mercantile paper rules from six to seven.

Call money in London is 1 p.c.; short bills are 1½ p.c.; three months' bills, 1½ p.c. Bank rate in London, Paris, and Berlin is held at 5 p.c.

Money on call on the New York Stock Exchange ranged from 1½ to 2½ p.c., most of the business being at 2 p.c. Time money has been quiet, sixty days, 2½ to 2¾ p.c.; ninety days, 2½ to 2¾ p.c.; six months, 3 p.c. In their Saturday's statements the clearing house institutions at New York showed a slight drop in excess reserve. Loans expanded \$20,000,000, total reserves increased \$3,500,000, and excess reserves decreased about \$300,000. The excess amounts to nearly \$144,000,000. The loan expansion above referred to doubtless arose in connection with the February dividend and coupon payments. The Federal Reserve Bank of New York showed at the end of the week a gain of \$13,000,000 in cash and about \$11,000,000 on deposits. Apart from this there were no important changes in position of the reserve banks.

A bill has been introduced into the Hartford legislature authorising the Aetna Life to increase its capital to \$10,000,000 with the repeated provision, already in the Company's charter, that not higher than ten per cent. annual dividends be paid except on accident, casualty, liability and health business.