# The Chronicle

**Banking Insurance and Finance**

ESTABLISHED 1881. PUBLISHED EVERY FRIDAY.

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Annual Subscription, $3.00. Single Copy, 10 cents.

**MONTREAL, FRIDAY, APRIL 2, 1915.**


## FINANCE OF THE WEEK.

The lists of the new Dominion Government loan of £5,000,000 were closed in London ahead of the original time fixed for their closing, the loan having been over-subscribed. The attractive terms upon which this issue of 4½ p.c. ten year bonds at 99½ was made, gave grounds for anticipating that under the present circumstances of the London market such a satisfactory result would be achieved. It is easily possible, however, to argue too much from this success. Conditions in the London market are at present unique and afford little ground for argument regarding future developments. An immense amount of investment funds has been accumulated, the disposal of which in permanent investments is withheld pending a turn of events which will give certainty to the outlook. Short-dated money has for months been practically a drug in the London market, and when an opportunity arises such as that afforded by the Canadian loan to invest part of these funds at a remunerative rate in a security of the highest class, it is naturally availed of.

Neither does the rate at which the present issue was made afford any reliable indication of the general trend of interest rates at the close of the war. The outlook is as yet too obscure to be able to state with any certainty what the tendency li likely to be in that respect. It is well known that London financial houses are at present declining to enter into any negotiations for the sale of bonds in London to be consummated at the earliest possible moment when the Treasury Embargo is raised, for the reason that the uncertainty regarding future interest rates is too great to permit the risk of present commitment to a definite price being run.

### THE EXCHANGE PROBLEM.

The flotation of Canada's loan, it is expected, will have some effect on money market conditions locally, and aid in swinging back the exchange between New York and Montreal towards normal. For some time New York funds in Montreal have been almost consistently at a substantial premium, owing to our unfavorable trade balance with the United States, and subsidiary circumstances. The new loan will assist the situation as probably bills of exchange will be sold by London in New York and the funds will probably be retained in New York and assist in offsetting our unfavorable trade balance.

The exchange situation between New York and London still excites much interest. London will not under present circumstances part with the gold that would be necessary to restore sterling exchange to its normal level. Foreign credits are being established in New York by means of short-term notes in order to meet the payments for ordinary exports plus the war supplies which are going forward daily from the United States to the countries of the Allies. It is reported that negotiations are on foot to place at least $100,000,000 of British credits in the hands of New York bankers. Mr. J. P. Morgan's visit to London is believed to be associated with the solution of the various problems arising out of the present abnormal situation. According to some American authorities it is expected that following his visit announcement will soon be made showing arrangements for the payment of Europe's debt to the United States in American securities; to restore exchange to a more nearly normal basis and to make arrangements for further credits to the Allies.

### CANADIAN PACIFIC'S STATEMENT.

A favourable impression have been created by Canadian Pacific's February statement. In comparison with 1914 gross earnings showed a decrease of $858,494 or 11.3 p.c., but net earnings gained $507,438, an increase of 34.5 p.c. Following the January statement, which showed the first gain in net earnings for a period of fourteen months, the February figures are interesting as an indication that the policy of rigorous retrenchment which, it is well known, Canadian Pacific has been putting into force for some months past, is now beginning to make itself felt in the statements of earnings. February's gross earnings were $6,735,678 and net earnings $1,979,014. Gross earnings for the eight months to the end of February are $68,782,831 against $90,796,551 in the corresponding eight months of 1913-14, and net earnings, $22,792,824 against $29,683,187.

### COMPANIES' LAW.

A new decision by the Supreme Court of Canada in regard to the question of Provincial jurisdiction in the incorporation of companies is of distinct interest. The new decision arises out of a case in which the Bonanza Creek Mining Company was a party. It appears that this Company had been incorporated under a charter of the Province of Ontario and obtained from the authorities in the Yukon a license authorising it to carry on mining operations within the Yukon territory. A contest arose in the courts and the plea was set up that