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R. WILSON-SMITH, *Proprietor.* ARTHUR H. ROWLAND, *Editor.*

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THE DOMINION'S NEW LOAN.

The London market appears to have taken the news of our Government's $20,000,000 bond issue very unkindly. The bonds bear interest at 4 per cent. and the issue price, according to the cables, is 97. So the loan will represent a net interest cost of a little over 4 p.c. Recent statements of the Finance Department had shown the existence of temporary loans in London. Thus at the end of September, the amount of such loans was £1,000,000; at the end of October it was £2,000,000; and perhaps during November a further increase would take place. Prior to September this year the Dominion Treasury had not negotiated any temporary loans in London since June, 1910—the slate was clear for three and a quarter years.

A MISUNDERSTANDING.

The Finance Department statements just mentioned had prepared public opinion, in the financial districts at any rate, for an issue of bonds. One or two of the London papers criticise our Finance Minister for selling two different sorts of securities in one market almost simultaneously. The *Morning Post* says "the small investor may well be vexed to find that he is lending to the Government at 4 p.c. almost at the same time as his banker is lending at 4½." Apparently there is misunderstanding somewhere as to what has been done. In Montreal the supposition has been that Hon. Mr. White put out his temporary loans in the first place to get the funds he wanted, and then prepared this bond issue for the purpose of retiring the temporary loans. If that was the method followed it is difficult to see why the English critics should complain about the higher interest rate borne by the bankers' loans. One naturally expects that temporary loans will cost more than long-term loans. But the cabled newspaper comments rather point to fresh issues of short date treasury bills just prior to the announcement of the bond issue, and it may be the case that the later temporary loans are not provided for by this $20,000,000 loan.

FURTHER BORROWING PROBABLE.

Under the circumstances a clear statement from the Finance Department as to just what has been done would be appreciated. The outlook appears to be for further borrowing and the market can better judge the probable effects if it has full knowledge of the successive steps that are taken.

Incidentally it seems very clear that if the Dominion Government has to pay 4⅛ or 4¼ p.c. in case of a long-term loan, the provinces or any of them could not hope to get any large amount for newfangled schemes of cheapening credit, etc., unless they paid about 5 p.c. or more.

The recent large influx of gold has naturally had some effect in easing the monetary position here, especially since the banking year-ends have passed. But as yet there is no disposition on the part of the bankers to reduce their rates. Call money is quoted 6 to 6½ p.c.; and mercantile paper commands from 6 to 7.

EUROPEAN POSITION.

The Bank of England secured most of the $2,500,000 new gold offered in London on Tuesday. Bank rate is maintained unchanged at 5 p.c. In the London market call money is quoted 4¼ to 4½ p.c.; short bills are 4⅞ p.c.; three months bills, 4⅞ p.c. Bank rate at Paris is 4 p.c. and the private rate is 3½; and at Berlin the bank rate is 5½ against 4⅜ to 4¾ quoted in the open market. Financial Europe is still looking with some apprehension at the prospect of huge new loans for military and naval purposes and for providing for the needs of the belligerents in the recent war. It becomes apparent that the financial markets' ability to take these great loans as successively offered is becoming reduced; and the circumstance may have some effect in bringing about a check to the craze for increasing armaments.

HIGHER RATES IN NEW YORK.

The movement of gold to Montreal and Toronto, while tending to make the Canadian markets more