

# The Chronicle

## Banking, Insurance and Finance

ESTABLISHED 1881. PUBLISHED EVERY FRIDAY.

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

Chief Office:

GUARDIAN BUILDING, 160 ST. JAMES STREET, MONTREAL.

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

MONTREAL, FRIDAY, MAY 23, 1913.

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### CHEAPER MONEY UNLIKELY.

Judging from the April bank statement, the local money markets are not likely to experience any phenomenal improvement in the next month or so. But for a further increase of \$6,000,000 in the deposits outside Canada, in the case of the Bank of Montreal, there would have been a drop in the ratio of reserve to liabilities. These deposits outside Canada are now at a very high figure—\$103,925,361—in fact they have never been so high. They are greater by twenty millions than at the end of January, 1913.

#### THE RESERVE POSITION.

One might say that these increases have saved the situation as regards ratio of reserve. If there had been no increase in this department the customary spring loan expansion in the Dominion could not have taken place without reducing the general ratio of reserve to a dangerously low level. It is to be remembered that the funds thus held in London

cannot be regarded as fixed or permanent deposits. The Canadian Pacific Railway Company, and other parties owning the special deposits, will require to expend the monies in due course; and unless the amounts withdrawn are replaced by others of equal importance, one might expect that bank reserves would show a tendency to fall.

#### A PROBABLE IMPROVEMENT.

However, the current bank statement exhibits the position of the banks as at April 30th; and since that date there has been considerable liquidation of grain loans. So it would perhaps be safe to assume that at the present time the ratio of reserve is a little better than at the end of April. But so far as can be seen at present, the necessity of building up the cash reserves and the strong demand from commercial borrowers stand in the way of any reduction of the call loan rate. Quotations for call loans in Montreal and Toronto are 6 to 6½ p.c. Commercial loans and discounts command 6 to 7 per cent.

#### THE EUROPEAN POSITION.

The new gold offered in the London market on Monday amounted to \$4,250,000. The Bank of England again secured the bulk of the metal. Bank rate in London is held at 4½ p.c. In the open market call money is 3 p.c.; short bills are 3¾ to 3 13-16 p.c.; and three months' bills, 3¾ p.c. At Paris bank rate is 4 and private rate 3¾. The importations of gold from America have served to ease the situation to some extent. Bank rate at Berlin is 6 p.c. and private rate 5¼.

#### IMPROVING POLITICAL SITUATION.

At the German centre, with the approach of June, the talk is again of the quarterly settlements. But it is hoped that the midsummer quarter will be financed more comfortably. The political outlook is decidedly better. Some of the newspapers are even beginning to hint at an Anglo-German *entente*. The approaching visit of King George and Queen Mary to Berlin on the occasion of the royal marriage, and the Kaiser's action in pardoning three Englishmen imprisoned for espionage, is responsible for these rumors. It is to be hoped that they have some foundation in fact; increasing friendliness between Britain and Germany would do much to promote confidence in Europe and America, and perhaps it would lead eventually to a decrease in the expenditure upon armaments.

#### CHINESE LOAN SUCCESS.

The Chinese loan, of \$125,000,000 five per cent. bonds at 90 proved a great success. However, it was very carefully staged and the issue price was set low. The oversubscriptions are taken as indicating that there is plenty of investment capital available at the present time, but the owners thereof look for high rates of interest.