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THE GENERAL FINANCIAL SITUATION.

Of the £1,000,000 new gold arriving in London on Monday the Bank of England secured three quarters; the remainder went to Russia. The English market is still engaged with the collection of the national revenues. So far at least the predictions that a season of political quiet would follow King Edward's decease, have been fulfilled. There has been an entire cessation of the discord and jangling which were so much in evidence up to the beginning of May. Bank rate in London was this week reduced to $3\frac{1}{2}$ per cent. and conditions have become easier. Call money is $3\frac{3}{4}$ to $3\frac{1}{2}$ p.c. Short bills, 3-3-16 and three months' bills $3\frac{1}{4}$.

The Continental markets are on about the same level as a week ago. Bank of France rate is still 3 p.c. and at the Bank of Germany 4 p.c. is the official quotation. The Paris market is $2\frac{1}{2}$ %, the Berlin market $3\frac{1}{4}$ %.
In New York the week has been broken by the Memorial Day holiday, and in any case the Wall Street interests have been interested spectators of the clearing away of the speculative position in the wheat markets. Owing in part to the remarkable apathy displayed by stock speculators in New York and the other American centres, and to release of capital formerly employed in financing wheat speculations, there has been some falling off in the demand for credits. Rates have therefore shown a tendency to recede. Call loans range from 3 to $3\frac{1}{2}$ %; 60 day money $3\frac{1}{2}$ to $3\frac{3}{4}$ %; 90 days $3\frac{1}{2}$ to $3\frac{3}{4}$ %; six months 4 to $4\frac{1}{4}$ %. The exhibit made by the clearing house banks in New York was rather colorless. Loans increased \$5,464,000; cash holdings increased \$150,000; and the surplus fell \$1,295,000, reducing it to \$23,917,900. The trust companies and non-member state banks reported a loan contraction of less than half a million and a cash increase of \$1,653,000—effecting a strengthening of their proportion of reserve to liability of nearly 1 p.c.

Definite announcements have been made last week and this of the conclusion of arrangements

for the placing in Paris and Berlin of several of the large bond issues recently talked of in Wall Street. It is, therefore, to be expected that sooner or later the foreign exchange market in New York will be markedly affected by the prospective transfer of this large block of capital. However, those who understand clearly the circumstances which made it necessary for the United States bankers to apply to the Continental capitalists for assistance will not expect that the temporary easing up of the situation in New York can be made the basis of sustained bullish demonstrations in the Wall Street market. The fact is that these European loans were required to tide the American metropolis over an exceedingly awkward situation. Had they not been secured there would have been seen, in all probability, a drastic liquidation of bank loans throughout the Republic; and a forced lowering of commodity prices might have been looked for. The money which the United States railways are getting from France and Germany cost them, or will cost them, considerable. London is usually a cheaper market to borrow in, but on this occasion London was not in a condition to provide the funds. The borrowers were obliged to go to the Continent and submit to all the various Continental costs and taxes. Now that they have got the money or the promise of it, the New York bankers will, if they are wise, undertake to do some house cleaning at home. Already the would-be cornerers of wheat have been compelled to let go their hold of banking credits. There are speculative cliques in other commodities who have large bank loans which they are using to hold back products from market. It would be an admirable preparation for the fall crop moving if the banks cleared their decks of this business. Perhaps that is what they will do.

At home in Canada the monetary situation is about the same as a week ago. Call loans are now flatly on the $5\frac{1}{2}$ p.c. basis. Quotations for New York exchange in Montreal and Toronto, have ruled at the gold import point and some shipments of United States gold coin have come in. It is to be expected that further imports of the metal will be seen between now and harvest. The compelling cause is the industrial activity in the Dominion. As the big borrowers (mercantile and industrial) increase their lines of credits, the banks will be under the necessity of fortifying themselves through building up their reserves of gold and legals. Less than two weeks ago the city of Hamilton was congratulating itself on the acquisition of another very large United States industrial plant. The Oliver Chilled Steel Plow Company—which will employ 2,000 men. This week the announcement is made that the same city is to have a million dollar plant of the National Fireproofing Company of Pittsburg. In this manner a vigorous and imposing "industrial Canada" is being developed.