

# The Chronicle

## Banking, Insurance and Finance

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R. WILSON-SMITH,  
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## CONFIDENCE IN THE FUTURE.

Money market conditions in Canada are not much changed. Call loans in Montreal and Toronto are 6 to 6½ p.c. as heretofore. The banks are continuing their recent policy of requiring borrowers to meet or reduce loans based on transactions outside of or apart from their ordinary business. The financial community naturally took a close interest in the budget speech of Hon. Mr. White delivered in the House of Commons on Monday. While the announcement of the estimated surplus for 1912-1913 was taken as indicative of satisfactory conditions, the Minister's statement that he did not anticipate any great falling off in the ratio of increase as regards customs collections bore more directly on the question of the continuation of prosperity. In various quarters there has been a disposition to look for a commercial or financial setback. Mr. White did not encourage these fears in any way. His confident attitude will, no doubt, be

of service in causing pessimistic merchants and manufacturers to look less apprehensively at the future.

## EUROPEAN DEVELOPMENTS.

The Bank of England again secured the greater part of the new gold consigned to London by the South African mines. Bank rate in London is maintained at 4½ p.c. In the open market call money is quoted 2¾ p.c.; short bills are 3 9-16 p.c.; and three months' bills, 3 9-16 to 3½. At Paris bank rate is 4 and private rate 4 p.c.; and at Berlin bank rate is 6, as against a private rate of 5½.

Nothing sensational has developed in European politics. Montenegro's action in accepting the suggestion of the powers in regard to Scutari sensibly relieved the tension in diplomatic circles. And while the differences between the Bulgarians and the Greeks over the question of Salonika are looked upon as troublesome, apparently it is not thought that they are impossible of adjustment. However, notwithstanding the marked improvement in transatlantic politics the great monetary centres have not yet passed into the optimistic stage. For months it has been predicted that as soon as the Balkan War came to an end the securities markets would rise buoyantly. As yet they show no signs of doing that.

## A NOTABLE LOAN FAILURE.

On the contrary, so far as London is concerned, pessimism has been rather intensified as a result of the Brazil Government's £11,000,000 flotation. It was conceded that the rate of interest on this loan was attractive to investors. Moreover it was issued by the great house of Rothschild. But notwithstanding the prestige of the issuing house, the public only took from 6 to 10 per cent. of the offering and the loan has since sold in the open market a full one per cent. below the price at which it was offered in the prospectus. Perhaps one reason for this fiasco might be found in the connection of the Brazilian Government with the famous coffee valorization scheme, which is now in danger of collapsing because of the hostile attitude of the United States Government. But it has been taken in the market as a sign that investors are holding tightly to their cash; and the critics are now exceedingly apprehensive about the fate of the forthcoming Chinese loan and the loans required by the Southern European States.

## NEW YORK POSITION.

In New York call loans are 2¾ p.c.; sixty day loans, 3½ to 4 p.c.; ninety days, 3¾ to 4 p.c.; and six months, 4½ to 4¾. In their Saturday statement, clearing house institutions reported a loan contraction of \$17,300,000, a drop of \$1,700,000 in cash, and an increase of \$3,847,000 in surplus. The surplus then stood at \$19,802,000. In the case of the banks alone the reduction of the loan account amounted to \$16,884,000, and the gain in surplus to \$3,737,000. The exchange market in New York softened during the