

dominions, the greater part would be expended within the United Kingdom.

FAVORABLE DEVELOPMENTS.

The war in Europe has developed during the last week in such a manner as to permit the gradual rebuilding of financial confidence. The success of the Russians, in defeating the second invasion of Poland, in particular, must be taken as greatly enhancing the chances of success for the Allies; and the continued success of the British and French in withstanding the fierce German assaults in Flanders and Northern France appears to bear out the French official statements to the effect that the lines are now impregnable.

The great British war loan of £350,000,000 has been much oversubscribed, and the Imperial Government has thus received the best kind of assurance that it will be able to secure all the funds that are needed to bring the war to a successful conclusion.

Business conditions in Canada are as satisfactory as could be expected. Money rates are practically unchanged, call loans 6 to 6½ p.c.; and commercial discounts 6 to 7 p.c.

MONEY RATES ABROAD.

Bank rate in London is 5 p.c. Call money is 1 to 1¼ p.c.; short bills 3 p.c. The Bank of France quotes 5, and the Imperial Bank of Germany 6 p.c.; private rate of discount in Paris is 4, as against 6¾ p.c. quoted in Berlin.

Call money in New York has ruled easier this week—in some cases loans were made as low as 4½ p.c. For the whole week, however, the range has been from 4½ to 5½. Time money also has been easier, large amounts being offered at attractive rates. Lenders required more than the customary 20 p.c. margin, and they insisted upon a close scrutiny of the standing and strength of the borrower.

THE NEW YORK STOCK EXCHANGE OPENING.

With reference to the re-opening of the Stock Exchange the statement announcing the resumption declares specifically that all dealings are to be under the supervision of the special committee of five which has absolutely controlled the transactions since July 30th last. All transactions are to be for cash, thus reducing speculative purchases to the smallest minimum and also minimizing the prospective demands upon the banks for loans. Also there can be no transactions below the minimum prices authorized by the committee from time to time. There will be no ticker service, but prices will be issued at stated times during the day. It will be recognized that this by no means represents a free and open market. The organized attempt of high finance to prevent stock prices from falling to new low levels is still to be in evidence; and wise investors or speculators will probably be disposed, in most instances, to defer their purchases until they have an opportunity to see what the market will do when artificial restriction is removed.

THE BANK OF MONTREAL'S YEAR.

The report of the Bank of Montreal for the year ended October 31, affords striking evidence of the way in which the premier Canadian banking institution, and with it the Canadian banks generally, has maintained itself in a position of remarkable strength during a troubled and harassing period. Through that maintenance of strength, profits necessarily have had to be sacrificed. Cash reserves, desirable as they may be to the conservative banker, produce nothing in the way of interest and other assets essentially liquid do not return the rate of interest which can be secured from ordinary commercial loans and discounts.

PROFIT AND LOSS ACCOUNT.

However, under the direction of the President (Mr. H. V. Meredith), and general manager (Sir Frederick Williams-Taylor), results have been secured by the Bank of Montreal of which the shareholders will have no cause to complain. Profits for the year, after making the usual deductions, are \$2,496,452, equal to 7.80 p.c. on the capital and rest combined. In 1913 profits were \$2,648,403, so that this year shows a falling off of about \$150,000. The balance brought forward from the previous year was \$1,046,218, making the total available on profit and loss account \$3,542,669. Of this amount the annual dividend of 10 per cent. plus the bonus of 2 per cent. absorbs \$1,920,000; \$100,000 goes to the Canadian Patriotic Fund, and \$290,000 is set aside as provision for bank premises, leaving an increased profit and loss balance of \$1,332,669 to be carried forward. In connection with the expenditure on bank premises it may be noted that this year's figure of \$290,000 compares with \$485,000 in the previous year and \$511,000 in the year 1912.

A STRONG POSITION.

Following is a comparison of the leading items of the bank's balance sheet for the last three years:—

	1914.	1913.	1912.
	\$	\$	\$
Capital Stock.....	16,000,000	16,000,000	16,000,000
Reserve.....	16,000,000	16,000,000	16,000,000
Circulation.....	17,231,502	17,061,665	16,131,862
Deposits (not bearing interest).....	42,689,032	45,134,957	45,338,955
Deposits (bearing interest).....	154,533,643	144,437,882	141,970,011
Total Liabilities to Public.....	221,350,378	208,656,751	203,563,201
Specie and Legals....	40,661,762	22,164,800	19,311,086
Central Gold Reserve	1,500,000	1,000,000	
Call Loans Abroad....	41,502,122	51,240,795	55,158,633
Bank Balances Abroad	15,900,037	6,126,730	14,133,604
Total of Quick Assets	122,658,003	103,699,427	113,651,121
Current loans and discounts.....	128,618,661	134,163,473	118,869,751
Total Assets.....	250,481,663	244,787,045	236,927,519

It will be seen that in comparison with last year, several very important and interesting changes have been made in the details of the Bank's assets. Holdings of specie and legals have almost doubled during the year, being \$40,661,762 against \$22,164,800 a year ago. In the case of specie the increase was about \$4,450,000, while the holdings of Dominion notes were advanced by upwards of \$14,000,000. Thus with the deposit in the Central Gold Reserve, the proportion of these assets to direct liabilities to the public is 19 per cent. against 10.65 per cent. a year ago. Total quick assets at \$122,658,003 show a gain of practically \$19,000,000 over last year's total