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INDEX TO PRINCIPAL CONTENTS

THE GENERAL FINANCIAL SITUATION.

Contrary to expectations there was no American demand for the $5,000,000 African gold offered in London on Monday. Consequently the whole of it was taken by the Bank of England. There is not much change in European rates of discount in spite of the critical period through which the negotiations with reference to Turkish territory are passing. Bank rate in London is held at 5 p.c. In the open market call money is 3¼ to 4¼ p.c.; short bills are 4 15-16; and three months' bills, 4¾ to 4 13-16. At Paris the Bank of France quotes 4 and the market rate is 3¾. And at Berlin the Imperial Bank quotes 6, as against 5¾ ruling in the private market.

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So far as the international money markets are concerned, the sensational developments of the week occurred at New York. During the week the rate for call loans rose as high as 12 p.c., and the ruling rate is from 9 to 12, with most of the business in the course of the week being done at around 11 p.c. It is to be noted that the occurrence of the American Thanksgiving holiday on Thursday, served to complicate the money market conditions. Call loans made on Wednesday carried over to Friday. Rates for time money also stiffened up considerably. Sixty day loans are quoted 6 to 7 per cent.; ninety days, 6 to 6½; and six months, 5½ to 5¾.

The Saturday statement of all clearing house institutions in New York showed a loan contraction of $7,227,000, cash loss of $2,750,000, and a decrease of $503,000 in the excess cash reserve. The decrease for the week brought the excess reserve down to $6,765,100. The banks alone reported loan contraction of $8,704,000, cash loss of $4,200,000, and decrease of $698,500 in surplus.

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Interest has centred in the exceptionally high rates for call loans. These have exerted a repressive influence upon speculation in securities. Apparently several distinct factors have been working for the high rates. In the first place the dividend and coupon payments due December 1st have had to be provided for. Then the revival of trade and industry throughout the country caused the interior banks to withdraw funds from Wall Street. In connection with this matter of calling of loans by interior banks, it is to be observed that the Canadian banks probably continued through November to call loans in New York for purposes of financing their business at home. They reduced call loans elsewhere by $11,000,000 in October; and quite probably a further important reduction has been taking place this month. Their action, taken with the action of the American banks at interior points, has certainly tended to create scarcity of funds in Wall Street so that when any special demand arose, such as that occasioned by the December dividends, the rates for call money would rise sharply.

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It is to be expected that the monetary situation in New York will be somewhat easier next week, provided nothing sensational develops in connection with European politics. The return of the dividend money usually eases the situation, and besides, there is the prospect of gold imports from Europe. Some shipments have already been arranged through London; and it is expected that the Americans will be able to secure some of the yellow metal from Berlin. Sterling exchange at New York has been consistently weak; and there is no doubt the New York bankers can draw considerable gold from Europe if they insist on taking it. However, the English bankers show reluctance to part with the metal; and some authorities seem to think persistence by the Americans in their demands will lead to the institution of a 6 p.c. London bank rate very shortly.

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Such a move on the part of the big British bank would lead almost inevitably to a very tight Decem-