

The Chronicle

Banking, Insurance and Finance

ESTABLISHED 1881. PUBLISHED EVERY FRIDAY.
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Proprietor. Editor.

Chief Office:

GUARDIAN BUILDING, 160 ST. JAMES STREET,
 MONTREAL.

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

MONTREAL, FRIDAY, JANUARY 30, 1914.

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FALLING TRADE AND CHEAPER MONEY.

In spite of announcements which indicate that trade reaction is well under way, the stock markets at home and abroad continue to manifest strength and optimism. This week the Canada Cement Company announced the closing of four of its plants, probably till the end of 1914—the movement being necessitated by the falling off in construction work. And in the past month various other industries have been slackening down, reducing their working forces. The men released from construction camps and from factories have been flocking to the larger cities; and the problem of finding work for them is difficult to solve.

DECREASE IN RAILWAY EARNINGS NOT DISTURBING.

It was fully expected that the January railway earnings would show up unfavorably, in contrast with the preceding year. January earnings in 1913 were abnormally large on account of mild weather, and the January earnings this year are abnormally small on account of the phenomenally early movement of the western crops. So large decreases were inevitable and they are not taken by the Street as disturbing. The prospective absorption or purchase of the Bank of Vancouver has not aroused much interest in the East owing to the fact that the business of the bank is local to British Columbia.

PROSPECT OF FAIR PROFITS.

The growing ease in money proves to be an effective counterbalance to all unfavorable evidences. At present prices stocks yield large returns, and if it be assumed that rates for money will be reduced in the near future there is a prospect of fair profits in carrying them regardless of a possible rise in quotations for the securities carried. Of course, in such calculations it is necessary to select stocks in the case of which the continuation of present dividends is reasonably assured.

MONEY RATES.

Call loans in Montreal and Toronto are quoted 6 p.c. There have been rumors that the rate has been shaded, but they cannot be confirmed; and some bankers assert that there is nothing doing under 6 p.c. As yet there is practically no change in rates of discount applying to mercantile loans and discounts—the quoted rates being 6 to 7 p.c.—but in this department also signs of relaxation are beginning to be in evidence. The bankers are not now so much disposed to hold the lines of credit stiffly down. The expansive movement has been definitely checked; and there is not the same necessity for holding down individual borrowers who are in good credit. However, the desire to increase bank loans has largely passed; the merchants and manufacturers are paying off their debts instead of expanding.

BANK OF ENGLAND'S RATE AGAIN REDUCED.

At their Thursday meeting the Bank of England directors lowered their official rate to 3 per cent. In the open market at London call money is 1/4 to 1/2 p.c., short bills are 2/4; and three months' bills, 2/4 to 2-5-16. These quotations are distinctly less than the rates quoted a week ago. Following last week's reduction in the German Imperial Bank's rate to 4 1/2 p.c., the Continental markets too have manifested a softer tone. At Berlin discounts in the private market are 2 7/8 p.c. At Paris bank rate was lowered yesterday to 3 1/2 per cent. Private rate of discount is 3/4 per cent.

IMPENDING NEW ISSUES.

With the growing ease in money there has naturally been much talk of impending issues of new securities. It is now said that the Province of Nova Scotia will be in the market at London for a new