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INDEX TO PRINCIPAL CONTENTS

THE GENERAL FINANCIAL SITUATION.

Of the South African gold laid down in London at the beginning of this week the Bank of England secured $2,500,000. The directors made no change in their official discount rate and some parties are of the opinion that it will remain at 4½ p.c. for a short while yet. In the London market money rates have eased during the week. Call money, 3½ per cent.; short bills, three months bills, 3⅝ to 3¾. On the continent also there has been some easing of the money situation—the Paris market being 2⅝ as against 2 11-16 a week ago; and the market at Berlin is 3½. The Bank of France, however, adheres to its 3 p.c. quotation and the Imperial Bank of Germany quotes 5 p.c. as heretofore.

New York has followed the example of the principal European centres in reducing its quotations for money. Call loans are 2¾; sixty day paper is 3 to 3¼; 90 days, 3¼ to 3½; and six months, 3⅝ to 3¾. The fractional recessions here recorded are largely the result of the extremely heavy movement of cash from the interior points of the United States to New York. Owing to it the clearing house banks were able to report on Saturday a cash increase of no less than $26,120,000. This gain was so heavy as to much more than offset the loan expansion of $18,300,000. And a gain of $15,100,000 occurred in the surplus, bringing it to $33,861,425 which figure is above the record for the same date in 1910, and also in 1909. The trust companies and non-member state banks reported a very heavy decrease of loans, $32,600,000, and this along with the loss of $3,700,000 cash, experienced by them served to raise the proportion of their reserve to liability from 17.3 p.c. to 17.5 p.c.

It is said by the New York bankers that the shipments of cash received by them from their country correspondents are reaching record-breaking dimensions. And this development is ascribed to the trade reaction which seems to be settling down upon the neighboring republic. Also there has been a large return flow of dividend and coupon monies to the metropolis. On the other hand the loan expansion was greater than it would otherwise have been, on account of the trouble among some of the minor banking institutions. Some large loans were necessitated in connection with the operations undertaken by prominent financial men to strengthen the banking situation in such manner as to effectively head off any panicky demonstrations. Of course, anybody who was conversant at all with financial matters would be well aware that the Northern Bank of New York and its affiliated concerns were of comparatively little importance, and that the troubles experienced by them did not imply that banking conditions were bad; but at the same time it was necessary to take steps to guard against the spread of uneasiness among classes of depositors not well posted in these matters. With regard to the probable course of the banking surplus in New York it is as yet necessary to remember that there remains a huge aggregate of loans for the associated banks to take back. And while that operation remains to be completed any large additions to the surplus can not be regarded as solid or permanent. However, the flow of cash from the interior is on so large a scale—owing to the lessened demand from industry and trade—that it may well be that it will provide an ample supply of funds to enable the banks to easily meet these extra obligations and to ensure