

The Chronicle

Banking, Insurance and Finance

ESTABLISHED 1881. PUBLISHED EVERY FRIDAY.

R. WILSON-SMITH, Proprietor. ARTHUR H. ROWLAND, Editor.

Chief Office:

GUARDIAN BUILDING, 160 ST. JAMES STREET,
MONTREAL.

London, England, Branch Office:

19 LUDGATE HILL, E.C.

Annual Subscription, \$2.00. Single Copy, 10 cents

MONTREAL, FRIDAY, JUNE 30, 1911.

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THE GENERAL FINANCIAL SITUATION.

Cable dispatches state that when the Transvaal gold was offered this week on the London market. India promptly took \$1,000,000 and the Imperial Bank of Germany secured the balance. Altogether the consignments amounted to \$5,000,000. The appearance of the continental competition served to strengthen the tone of the London market. Germany wanted the gold in order to facilitate the financing of the heavy payments due at the end of the quarter. In that country a very large clearance of debt always occurs at the ends of March, June, September and December. Besides the dividends and interest payments on numerous railroad and industrial securities, the interest on a large part of the bonds issued by the mortgage

banks is then to be paid. And the payments of interest by the land owners to these mortgage banks also accrue. Rents, too, are payable quarterly in many cases. And there are a considerable number of the official classes, especially state officials, who receive their salaries quarterly on these dates. This large concentration of business upon a few days at the quarter-endings produces an extraordinary demand for short-date credit. Under the German system this converges upon the Reichsbank. The bank loses gold and its note issues expands with a rush. The Germans have for some time been discussing plans for bringing about a distribution of this work more generally throughout the year. And within the last three months the Bank of Germany has put into effect a plan whereunder those who borrow from it on the first and last day of each quarter must pay extra interest for at least ten days, besides the ordinary interest charge for the days actually covered by the transaction.

Bank rate in London is still held at 3 p.c. In the market call money is 1½ to 2; short bills are 2¼; three months bills, 2¼ to 2 5-16. The Paris market is 2½, the Berlin market, 3½. The Bank of France and the Bank of Germany quote 3 p.c. and 4 p.c. as heretofore.

In New York the money market is still exceedingly soft. Call loans seem to be pegged at 2¾ p.c., but time money is fractionally lower. Sixty days, 2½; ninety days 2¾; six months 3¾ to 3½. The bank statement on Saturday revealed a substantial increase of surplus. Counting all members of the Clearing House—the newly admitted trust companies, and the banks formerly comprising the association—there is shown a loan expansion of \$31,600,000, and a cash gain of \$11,260,000. The surplus thus rose \$10,260,000 and stands at \$84,562,000. Figuring on the old basis—the banks alone—the loan increase becomes \$6,900,000, the cash gain, \$8,600,000, and the increase of surplus, \$8,597,000. The surplus on this basis was \$51,326,500.

It begins to look as if the speculative parties in Wall Street working for higher prices, have some strong cards to play. And their strength will be notably increased if it becomes more clear that 1911 will see the harvesting of large crops. Good crops always promote speculative confidence. The court decision in favor of the Union and Southern Pacific combination is a favorable happening. And the large surplus reserves of the New York banks, taken with the knowledge that they also have heavy credit balances in Europe, can at any time be made an important factor in a campaign for higher prices.

So far as the money market in Montreal and Toronto is concerned it cannot be said that any progress towards easier conditions is visible.