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, SEPTEMBER 15, 1911.

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THE GENERAL FINANCIAL SITUATION.

The Bank of England again secured the bulk of the $3,500,000 Transvaal gold laid down in London. Since the political situation in Europe assumed its present aspect greater interest has been manifested in the disposition of these weekly consignments. At practically all centres further hardening of rates has been seen. Although the Franco-German dispute is considered to be the principal cause, other factors have also operated to bring dearer money to pass. In Germany there has been great extension of industries and a large amount of speculation on capital borrowed from France and England. Close observers of German conditions have been of the opinion that a setback was to be expected there in the natural course of events. And of course the apprehensions excited by the threat of a war with England and France would be calculated to precipitate this anticipated trouble and make it much worse than had been expected. The runs on German savings banks have continued this week and the foreign creditors of German houses have shown a disposition to withdraw funds from Berlin. The Germans have invested huge sums in South America, in Turkey, and in other places lately—much of the money representing borrowings. They are, therefore, particularly vulnerable on the financial side, and there is no doubt that continued liquidation with important failures will ensue at Berlin, if Germany's relations with foreign powers continue in the present unsatisfactory state. Another serious cause of financial unsettlement there is found in the very bad crop failure this year. The agricultural industry is in a bad way; and the poor results of this year's harvest are the more distressing because of the heavy taxation laid upon the people by the military and naval policy of the Government.

Bank rate in London is still fixed at 3 p.c. In the market, money is 1 to 1¼ p.c., short bills are 3; and three months' bills, 3⅛ to 3¼. At Paris discounts in the open market are quoted 2⅞, and at Berlin they are 3⅞. Bank of France rate is 3 p.c. and that of the Bank of Germany 4 p.c.

In New York also market rates for money have hardened perceptibly. Call loans are quoted 2½; sixty day loans are 3 to 3¼; 90 days, 3¼ to 3½; six months, 4 per cent. The bank statement on Saturday was negatively favorable inasmuch as it was not so bad as the street had expected. In the case of all members of the clearing house the loans increased $8,075,000, the cash decreased $1,000,000, and the excess cash reserve deceased by $2,300,000 to $23,264,100. And, taking the banks alone, the loans increased $4,400,000; cash decreased $1,500,000; and the surplus declined $1,884,000. The strong demand for money in Germany and the high rates prevailing there induced international banks in New York to make some large loans in Berlin during the week. This movement of funds, taken with the heavy selling of American securities by European holders has had the effect of firming up the foreign exchange market at New York. As the movement of funds for financing the harvest, from New York to the interior cities, is now in full force, the combination of circumstances points rather decidedly to higher rates of interest in New York, and higher rates there would have a tendency to harden the quotations for New York funds in Montreal and Toronto.

In the liquidation at the end of last week and the beginning of this week Canadian Pacific figured quite conspicuously. A short while ago there was said to be a Montreal pool, composed of well-known financiers, working for a quotation of 240. They reached that mark but it is not known whether they succeeded in divesting themselves of their load before the break came. Although the position of thi pool formed the subject of questioning here it was recognized, of course, that the body of the selling came from Berlin. One house there is credited with hav-