The Chronicle

Banking, Insurance and Finance

ESTABLISHED 1881. PUBLISHED EVERY FRIDAY

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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, DECEMBER 15, 1911.

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THE GENERAL FINANCIAL SITUATION.

The new gold arriving in London this week amounted to $4,000,000. The bulk of it passed into the possession of the Bank of England. Money and discounts are slightly firmer in the London market. Call money is quoted 3 to 4 p.c.; short bills, 4; and three months' bills, 3⅞. Bank rate is maintained at 4 p.c. In the Paris market discounts are 3¼ p.c.—the Bank of France rate being held at 3½. Discounts in the market at Berlin have risen further—to 5 p.c. The Reichsbank also quotes 5 p.c. as yet, but a rise is expected before the end of the year. Usually the tendency in England during the closing weeks of the calendar year is towards firmer money; and it is not likely that the present year will prove an exception to that rule. So far as Germany is concerned the trend of events in financial Berlin evidences the fact that the anticipated pressure in December has materialized. The great Berlin banks are again bidding strongly for funds in the American metropolis. They offer 5½ to 6 p.c. for secured "deposits" repayable after the year end. That is to say, financial institutions may get those rates and may have good collateral security as well if they will deposit large sums in the big German banks for a month or six weeks. It is said that some additional American funds have been placed in these investments during the past week. Commenting on this movement of American bankers' funds into German loans, the New York Evening Post draws attention to the fact that carrying rates for American shares at the fortnightly settlement on the London Stock Exchange rose to 5½ and 6 p.c. as against 4½ at the preceding settlement two weeks ago. The Post says this indicates clearly enough that a considerable part of the loan reduction effected in the past month by the New York banks resulted from shifting of speculative loans to Europe; and it says the fact that loans are being made by New York to Berlin at the high rates referred to, contrasts oddly with New York's borrowing from London at exactly the same high figures. Judging from appearances, one might almost presume that the major portion of the profit arising from the much-talked of American loans to Berlin will go to London.

The money market in New York continues to exhibit firmness. Call loans are 4 p.c.; sixty day loans, 4¼; 90 days, 4 to 4¼; and six months, 4 to 4¼. By means of sensational loan contraction the New York banks succeeded in changing their deficit to a surplus. The bank statement shows, for all members of the clearing house, loan reduction of $45,850,000, cash increase of $1,700,000, and increase of $10,-387,000 in the excess cash reserve. The excess reserve, therefore, stood at $11,696,000. In the case of the banks alone the loans decreased $33,875,000; the cash increased $7,500,000; and the deficit of $6,146,000 was turned into a surplus of $8,408,500.

In the foreign exchange market there were a number of different movements of funds in evidence. Thus the movement to transfer loans from New York to London, which was originated partly for the purpose of restoring the deficits in reserve shown by the New York banks, would probably result in creating a considerable volume of bills on London. The continued heavy movement of cotton and other produce eastwards across the Atlantic would also call into being a large number of bills on the European centres. On the other hand the loans made by New York bankers to Berlin would represent a movement of funds in a contrary direction. Also, the exchange market in New York has now to supply a large amount of exchange on Europe, principally on London, for the purpose of meeting the money-orders and drafts remitted to Europe on account of the Christmas season. From the fact that the quota-