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

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THE GENERAL FINANCIAL SITUATION.

The Bank of England bought most of the $3,000,000 South African gold arriving in London on Monday. It is, however, expected that Brazil exchange will shortly be fixed at a rate which will ensure the shipment of gold to that country. At any rate the 5 p.c. quotation is still adhered to by the Bank of England, and the London market still gives plenty of indications that stringency is yet in evidence. Call money is a shade harder —the quotation being 4¾ to 5 p.c. Short bills are 4 7-16, and three months' bills, 4⅜ to 4 7-16. At Paris the market stands at 2¾ and at Berlin it is 4⅝. Bank of France rate is 3 p.c. and that of the Bank of Germany, 5 p.c.

In New York, call loans are 2½; sixty day money, 4¼ to 4½; ninety days, 4¼ to 4½; and six months, 4½. The clearing house banks again reported a handsome addition to their surplus reserve, which they effected by means of a cash gain of $9,000,000 and a loan reduction of $600,-000. The surplus rose by $7,141,000 and stands at $19,701,675. Trust companies and non-member state banks in New York reported a very large loan reduction, $18,785,000, and a loss of $1,700,-000 cash. Their proportion of reserve to liability rose from 17.2 p.c. to 17.3 p.c.

If the rates of interest prevailing in New York, and particularly the rates for call money, be compared with those prevailing in London, one might, if taking no other considerations into account, conclude that the monetary position in New York was easier than in London. Also, the fact that the surplus of the New York banks amounts to so respectable a total as nineteen millions odd points to the conclusion that the position there is quite comfortable and easy. But it would be unwise to accept these superficial evidences as being altogether conclusive. Those who have closely followed the course of recent financial happenings in the big American metropolis are aware that the seeming strength of the financial position has been to a large extent acquired through heavy borrowing in London, and perhaps Paris, at very high rates of interest. This suggests that when the return flow of currency from interior points of the United States attains its usual heavy volume later in the season, it will not effect so rapid a strengthening of the bank position as in other years. The necessity of redeeming or liquidating the heavy European loans may, very likely, result in neutralizing, to some extent, the currency inflow. The New York Evening Post on Tuesday this week remarked as follows on the policy of the American bankers in continuing their borrowings in Europe. "There were indications, however, that large interests were still borrowing abroad, both through the sale of finance bills in Europe, and through the negotiation of special loans based on collateral lodged with the New York agents of foreign lenders. The fact that money rates here were below those prevailing in London had apparently little influence upon these operations—perhaps for the reason that the borrowers were chiefly concerned in bolstering up the bank position here." It is commonly supposed that these interests wish to bolster up the bank position and to keep down New York interest rates in the effort to guard the stock market from being injured through tight money in New York. Needless to say these circumstances should be borne in mind by those contemplating the purchase of speculative securities on borrowed money.

In Canada the money markets are quite as hard as they were a week ago. It is said that there has been some calling of loans during the week for the purpose of financing one of the street railway and lighting consolidations put through a short time ago. These mergers or consolidations have had more to do than is generally supposed in making