

# The Chronicle

## Banking, Insurance and Finance

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

### Chief Office:

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### THE GENERAL FINANCIAL SITUATION.

The bulk of the new gold from South Africa, amounting to \$3,500,000, passed this week again into the possession of the Bank of England. The official rate of discount in Threadneedle Street still stands at 3 per cent. Interest rates in the principal European centres are not greatly changed. In the London market call money is  $2\frac{3}{4}$  to  $3\frac{1}{4}$  per cent.; short bills, 2 9-16 p.c., three months bills 2 9-16 p.c. In Paris the market is unchanged at 2 5-16 and the Bank of France rate is 3 p.c. as heretofore. The Berlin market is fractionally higher, at 3 p.c., but the Imperial Bank of Germany adheres to its 4 p.c. official rate. New security

issues are coming forward plentifully, especially in London. And among them issues having to do with Canada are prominent. Cables refer to several Canadian issues. Thus there was the first of the much talked of Bewick-Moreing Porcupine flotations—the Ontario Porcupine Goldfields Development Company—with capital of \$3,000,000. Then there were a couple of British Columbia lumber companies figuring among this week's applicants for British funds. Their demands amounted to something like \$4,000,000. Canadian Cottons issued about \$1,800,000 and the City of Quebec put out \$1,000,000. These transactions all appeared in one day's issue of a leading Montreal daily. So, it may be seen that the investors of the United Kingdom are once more opening their purses freely for the benefit of Canadian enterprises. In due course these new capital-borrowings should have some effect in correcting the scarcity of money in the Dominion.

There is as yet but little demand for loans in Wall Street. Call loans are  $2\frac{3}{8}$  p.c.; sixty day loans,  $2\frac{1}{2}$  p.c.; ninety days  $2\frac{1}{2}$  to  $2\frac{3}{4}$ ; six months, 3 p.c. These rates for time loans represent a slight reduction upon the rates previously quoted, but the despatches state that while ample funds were on hand the lowering of rates did not seem to induce business.

On Saturday the clearing house banks in New York increased their surplus reserves by \$6,300,000 by means of an increase in cash holdings of \$9,500,000. The expansion of loans amounted to \$2,530,000. Surplus now stands at \$39,818,775, or nearly four times the figure reported two years ago at this date and over three times the surplus of the same date in 1910. The trust companies and non-member state banks reported loan expansion \$2,155,000 and cash increase of about \$200,000, their proportion of reserve to liability remaining unchanged at 17.5 p.c.

The Canadian Reciprocity Bill has been passed by the House of Representatives at Washington and sent to the Senate. The lower house is now wrestling with the "farmers' free list" bill. Among the items of news is one referring to the closing down by the United States Steel Corporation of large works at Birmingham, Alabama. The Democrats claim that this move was taken for political effect—in order to embarrass them in their plans to reduce the tariff. But it seems clear that the steel industry in the neighboring republic is in unsatisfactory condition; consumption is not apparently keeping pace with production. Some part of the falling off in demand is probably due to uncertainty about the tariff. But it is also very likely that the policy of the big Corporation in arbitrarily holding steel prices up, has served to kill the demand to some extent.