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, MARCH 17, 1911.

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THE GENERAL FINANCIAL SITUATION.

On Monday this week the Bank of England secured not only the greater part of the new Transvaal gold, but also $5,000,000 from Brazil. The African gold amounted to $3,000,000; and the Bank got $2,000,000, while $1,000,000 went to India. Bank rate is left at the 3 p.c. figure inaugurated last week. The large accessions of gold have had the effect of softening the tone of the open market in London. Call money is quoted at 2¼ to 3 p.c.; short bills 2 7-16; three months' bills, 2½ to 2 9-16. On the Continent rates have hardened slightly. Open market at Paris is 2 13-16 and at Berlin 3⅜. Bank of France rate is maintained at 3 p.c. and that of the Bank of Germany at 4 p.c.

Except in the case of call loans the tendency at New York has been towards cheapness. Call loans are 2⅜; sixty days, 2½ to 2¾; ninety days, 2¾ to 3 p.c.; six months, 3¼ to 3½ p.c. On Saturday the clearing house banks reported a loan expansion of $9,700,000, cash increase of $870,000 and loss of surplus, $1,893,000. The surplus stands at $38,-465,000. The exchange experts say that the position of the Bank of England is now such as to permit the shipment of moderate amounts of gold from London to Paris by way of repayment. The French exchange is apparently tending in that direction. Then the course of the sterling exchange market at New York is such as to suggest that a gold movement from London to New York may be started. The underlying cause of such a movement is said to be the accumulation of credits in London owned by the New York banking institutions. These credits were acquired in large measure through the flotation of bond issues in London by United States corporations. It should be remembered, however, that the important decline in commodity prices taking place during the past six months has had a notable effect in changing the complexion of the foreign exchange market in New York. Owing to the fall in produce prices, huge lines of speculative credits have been cleared up and a vigorous export movement induced. This, of course, has had a tendency to place European credits at the disposal of New York bankers, and along with the sales of bonds in Europe, it has helped to bring gold imports within the prospect at the big American metropolis.

Apparently the sentiment as to trade in general is gradually becoming more cheerful. There are yet in evidence plenty of circumstances which do not point to prosperity or activity. The railroads are showing a marked disposition to economize. And there are a number of news items appearing each week to the effect that bands of employees are being laid off by the various railway systems and expenditures curtailed in other ways. Then the cotton mill situation in the United States continues to be decidedly uncomfortable. The mills have been endeavoring to keep going in spite of the high prices of raw cotton. They have bought the cotton, manufactured it and sold the finished article at a slight loss in the hope that circumstances would shortly take a more favorable turn. But now it turns out that consumers will not buy the cotton goods even when offered them in this way at a loss.