The Chronicle

Banking, Insurance and Finance

ESTABLISHED 1881. PUBLISHED EVERY FRIDAY.

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

Office:

406-408 LAKE OF THE WOODS BUILDING,
10 ST. JOHN STREET, MONTREAL.

Annual Subscription, $3.00. Single Copy, 10 cents.

MONTREAL, FRIDAY, JUNE 19, 1914.

INDEX TO PRINCIPAL CONTENTS

LESS PESSIMISM.

Although announcements of cuts in industrial dividends continue in evidence—this week Smart-Woods and the Toronto Paper Co. omitted to declare their dividends on common stock—the sentiment in the market appears to be less pessimistic. There had been some discussion regarding the continuance of the quarterly payment on Nova Scotia Steel common. The bears evidently made sales on the assumption that Scotia would follow the example of Dominion Steel Corporation in this respect; but their expectations were disappointed and the declaration of the dividend served to relieve apprehension to a certain extent.

IRON AND STEEL OUTLOOK.

Definite announcement that Dominion Steel has received a 45,000 ton order from the Canadian Northern encourages the hope that the iron and steel industry will shortly be more actively employed. Other orders from the railways are likely to be placed as soon as arrangements are made for floating the guaranteed bonds; and in executing these orders the companies receiving them will be obliged to hand out important orders to auxiliary industries.

LOW PRICES PROBABLE.

It is argued, however, that these orders cannot be taken as bull points on the steel stocks since the terms and prices on which they are being placed do not permit the making of large profits. Doubtless there is a certain amount of truth in these representations. The railway companies having money to spend would be actively canvassed by United States Steel concerns. Owing to the very slack condition of trade in their own country these American companies would be disposed to offer their goods at low prices. In periods like the present they usually make special efforts to cultivate the export trade. So the Canadian companies would have to approximately meet the prices suggested by their foreign competitors—otherwise they would not get the contracts. However, even if the profits of our steel companies in connection with these contracts are not very large, they will serve to keep the plants from rusting and will enable the companies to keep their working forces from dispersing. Apparently the work here referred to will occupy the iron and steel plants for three or four months, and when it is finished the general business situation may have improved.

NO CHANGE IN MONEY.

There is very little change in the local money market so far as surface indications go. Call loans are held at 5½ to 6 p.c., and mercantile paper rules at 6 to 7 as heretofore. The numerous cuts in dividends of industrial companies have had some tendency to disturb sentiment and probably they have induced sales of our industrial securities by European holders. Under the circumstances, it is perhaps not to be expected that the banks would allow interest rates to fall.

EUROPEAN POSITION.

Bank rate in London is 3 p.c. Rates quoted in the open market are: call money, 1¼ to 1¾ p.c.; short bills, 2 9-16 p.c.; three months' bills, 2 9-16 to 2 5-8 p.c. At Paris, bank rate is 3½, market rate 2¾; and at Berlin, bank rate is 4 as against 2¾ quoted in the private market. The European markets continue to be depressed and unsettled over the various unsatisfactory features of the situation. A new cause of unsettlement is found in the threatened collision between Turkey and Greece; and the downfall of the Ribot ministry in France, immediately after it was formed, served to emphasize the political deadlock in that country. It is believed that progress has been made in the work of reorganising the disordered finances of Brazil; but on the other hand difficulties have been developing in connection with the Mexican mediation. These arise largely from the attitude of President Wilson and Secretary Bryan in insisting on the transfer