

# The Chronicle

## Banking, Insurance and Finance

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R. WILSON-SMITH. ARTHUR H. ROWLAND.  
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### THE GENERAL FINANCIAL SITUATION.

The Bank of England again secured the bulk of the South African gold laid down in London. The shipments this week amounted to \$3,500,000. In the London market call money is quoted at  $2\frac{1}{2}$  to  $2\frac{3}{4}$ ; short bills are  $3\frac{3}{4}$  p.c.; and three months' bills, 3 5-16 to 3 3/8. Bank rate is continued at 4 p.c. In Paris discounts in the market are  $3\frac{1}{2}$ , and the official rate of the Bank of France is maintained at  $3\frac{1}{2}$  p.c. The Bank of Germany still quotes 5 p.c.; and the Berlin market remains at a level relatively higher than Paris and London—discounts being quoted at  $4\frac{3}{8}$ .

Financial conditions in Europe, though made uncertain by the numerous political troubles, are settling down. One of the interesting questions before the overseas financial community is that relating to the Turco-Italian war. Italy is understood to be expending her resources on this contest at the rate of from \$500,000,000 to \$600,000,000 per year, or say \$50,000,000 per month. Judging from present appearances, she will be compelled to continue

at this rate for some time; and the matter of a loan or loans abroad must be engaging the attention of the Italian cabinet. The question is, where will she seek the accommodation she requires? Will she apply to her allies, Germany and Austria, or will she ask for British and French assistance? One might hazard the suggestion that circumstances appear to favor an application to Paris and London. Italy has no love for Austria; and it is scarcely conceivable that she would ask Vienna for aid in this particular case even if Vienna were in a position to accord support. And, as for Berlin, that market is still borrowing in New York and endeavoring to buttress itself up for the strain of the end-of-the-year payments. On the other hand France has refrained from criticising Italy severely for her manner of conducting the war—perhaps because France knows by hard experience how difficult are the Arabs to deal with. France would, no doubt, be glad to detach Italy from the Triple Alliance and it seems that the present offers a good opportunity for doing so. So far as Britain is concerned it would no doubt be taken as a desirable occurrence if the Italian fleet were won from Germany's side. But the British press has been outspoken in condemning the massacres; and Britain has also to consider her Moslem subjects, who might be alienated from her if she gave open financial support to Italy.

The New York money market has not changed its outward complexion materially during the week. Call loans are  $2\frac{3}{8}$  p.c.; sixty day loans,  $3\frac{1}{2}$  per cent.; ninety days,  $3\frac{1}{2}$ , and six months  $3\frac{1}{2}$  to  $3\frac{3}{4}$  p.c. The Saturday statement of the clearing house institutions was notably influenced by the movement of gold from New York to Canada. All members reported a decrease of \$5,853,000 in loans, a loss of \$5,700,000 in cash, and a decrease of \$3,200,000 in the excess cash reserve. The excess cash reserve, therefore, fell to \$10,402,000. The figures reported by the banks alone were even less favorable. They showed loan reduction of \$2,917,000, a cash loss of \$7,300,000, and a drop of \$5,129,000 in the surplus, reducing it to \$8,312,500.

The movement of gold to Montreal has continued during the current week, and it is probable that it will also affect to-morrow's bank statement in New York. It is understood here that some \$10,000,000 in gold will come to Montreal on the present movement, which owes its origin to the taking over of the Montreal Street Railway by the Montreal Tramways Company. This movement to Canada has been accompanied by a movement of gold to Argentina. New York is sending gold there in settlement for Argentine wheat sold in Europe, and the movement thus represents the acquisition of further European credits by the New York bankers. Financiers in the American metropolis are disposed to rejoice over the