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THE GENERAL FINANCIAL SITUATION.

International money markets during the week have not undergone any notable changes. Bank of England rate still remains at $2\frac{1}{2}$ p.c. In the London market call money is quoted at $\frac{1}{2}$ to $\frac{3}{4}$ p.c.; short bills are 1 3-16; and three months bills, $1\frac{1}{4}$ to 1 5-16—the quotations for the two latter representing a fractional easing off.

At Paris the Bank of France, of course, remains at 3 p.c.; while the market keeps around $1\frac{1}{2}$. And at Berlin the rates, at the Bank of Germany and in the market, are exactly the same as a week ago— $3\frac{1}{2}$ and $1\frac{7}{8}$ respectively.

Call loans in Montreal and Toronto have not changed from the 4 and $4\frac{1}{2}$ which have been quoted for several months.

At New York, though not much change is to be seen in the rates, there has appeared something of a sentiment that the extraordinary cheapness of money may shortly pass away. There was a perceptible stiffening up in the attitude of lenders. Call loans are 2 p.c.; 60 days and 90 days $2\frac{1}{2}$ to $2\frac{3}{4}$; and six months $2\frac{3}{4}$ to 3.

Saturday's bank statement showed loans to have increased \$1,600,000, cash, \$2,200,000, and deposits, \$4,100,000—resulting in an addition to the surplus of \$1,200,000. The surplus now is \$10,512,875. As the trust company loans increased over \$18,000,000 it is supposed that considerable shifting of loans to those institutions took place, at rates approximating $2\frac{3}{4}$ to 3 p.c.

With regard to the outlook for the New York money market, one of the well informed London observers expressed the opinion of a considerable body of people when he said he thought interest rates should tend upwards during the summer, and that actual stringency might be experienced in the fall. What adds some force to this theory is the fact that the metropolitan bankers have not as yet shown much disposition to accumulate or reserve funds against the crop moving. Indications are that the bankers are concerning themselves chiefly just now in getting everything possible out on

loan. Some of them are said to be endeavouring to improve the market for certain stocks of an indifferent or inferior class by freely accepting them as collateral. If that policy is anywise generally followed it will, of course, have a considerable effect in bringing back the stringent times—perhaps sooner than the bankers themselves expect.

With the heavy fall in wheat prices the interest in the fluctuations of that cereal has somewhat subsided. It is not exactly easy to trace the influence, if any, of the recent speculation upon the Canadian bank position. One authority in Toronto stated that there had been a rather extensive liquidation of grain loans prior to the end of March; but as this announcement was made at the same time as the erroneous statement that the March bank report showed general loan reductions, it may have formed a part of that mistake. However, the news in the grain trade during the last several weeks has pointed to a respectable export demand for our wheat; and it is just possible that the banking commitments against stored grain were reduced. It is rather to be expected also that the big drop in prices during the past two weeks would result in the closing out of a great many speculative loans on grain. But it is doubtful if any large proportion of these, even when carried by Canadian speculators, were financed by Canadian banking institutions. It is well known that the bulk of this business is done in Chicago and Minneapolis. When the speculator in Canada pays in his margin for a purchase of wheat, in most cases the money is sent across the line; and, if a purchase is actually made, the transaction is financed there.

Financial markets in this country are concerning themselves more just now over the cold unfavourable weather that has been prevailing in the Western wheat country. A protracted delay to the seeding operations out there might be a very serious thing for the whole Dominion. As yet there is no cause for alarm; for, while the season is already two weeks behind 1908, everybody should remember that in 1908 the spring was unusually early. Crop experts say that an entirely satisfactory beginning will have been made if seeding in Western Canada becomes general during the course of next week. Mr. Byron E. Walker, the president of the Canadian Bank of Commerce, said in a recent interview that the return of prosperity has to be based on the growth of confidence. Confidence is slowly returning; and business men are showing a disposition again to strike out more boldly in their various enterprises. It is quite certain that any unfavourable development of consequence in connection with the Western wheat crop would have the effect of chilling this confident feeling. Business interests, in the East as