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THE GENERAL FINANCIAL SITUATION.

The Bank of England secured the bulk of the \$3,500,000 African gold, which appeared on the market at the beginning of the week. Bank rate stands at the recently established 3 per cent. quotation. In the open market in London, call money is quoted $2\frac{1}{4}$ to $2\frac{3}{4}$; short bills are 3 p.c.; and three months bills, 3 p.c. The level is, therefore, fractionally above that prevailing a week ago. The French bank adheres to its official 3 per cent., and its course in recently reducing from $3\frac{1}{2}$ is taken as definitely promising cheaper money in the immediate future. The Paris market has followed the Bank of France, discounts there being now quoted 2 15-16. Attention is now directed to the German Reichsbank, which as yet holds its rate at 5 per cent. This quotation is now far above the rates quoted by the other big European state banks. No doubt the German institution has felt compelled to maintain its discount rate at a high figure because of the approach of the June settlements. Notwithstanding the need for caution, it is probable that the industrial and mer-

cantile community in Germany are growing restive under the high rate. It necessarily puts a considerable special burden on German commerce when the central banking institution of the country charges a rate 2 per cent. higher than that levied by the central banks in the two rival countries. The German law forbids the other banks of issue in the Empire (of which there are four) from fixing a discount rate lower than the Imperial Bank rate. So these banks are obliged to charge high rates also. In New York call loans are $2\frac{3}{4}$ to $2\frac{7}{8}$; sixty days loans, 3 p.c.; ninety days, 3 to $4\frac{1}{4}$ per cent.; six months, $3\frac{1}{2}$ to $3\frac{3}{4}$ per cent. The clearing house institutions improved their position notably, as shown by the Saturday statement. Loans contracted \$10,000,000; cash increased \$7,400,000; deposits decreased \$3,200,000; and the excess cash reserve increased \$8,982,000—from \$11,920,300 to \$20,902,500. In the case of the banks alone the loan contraction amounted to \$23,300,000; the cash gain was \$5,200,000; and the surplus increased \$8,082,000. The week saw the end of the coal mining dispute, as the miners returned to work on Wednesday; and the indications now are that work will proceed uninterruptedly during the course of the agreement. The men received a 10 per cent. increase in pay. It remains to be seen whether the public will be required to foot the bill for the extra cost of getting out the coal.

During the week the Taft administration has entered suit for the dissolution of the famous coffee trust. This trust is a part of the valonization programme of the Brazil Government. Brazil supplies three-quarters of the coffee used in the world. The Government joined with the State of Sao Paulo and a couple of other Brazilian states to maintain the market for coffee. Loans of £3,000,000 and £15,000,000 were negotiated; and a large amount of coffee was bought up and held off the market. As a result of the working of the plan the price of coffee has been advanced. But it is difficult to see how the United States Government can break up the trust, as only 950,000 bags are held in New York—a small proportion of the total stored coffee. However, the move may have some effect in the political campaign and perhaps that is what it is intended for.

In Canada monetary conditions are unchanged. Call loans at Montreal and Toronto are 5 per cent. with some at $5\frac{1}{2}$. The liquidation of grain loans has been proceeding actively, and it is quite within the possibilities that when the May bank statement appears—about a month hence—it will show a reduction of the current loans in Canada. But on the other hand the movement may be fully counteracted by the general movement of expansion usually seen in the early summer. During the week there has been some liquidation in the stock markets, notably in