The Chronicle

Banking, Insurance and Finance

ESTABLISHED 1881. PUBLISHED EVERY FRIDAY.

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Chief Office:
GUARDIAN BUILDING, 160 ST. JAMES STREET, MONTREAL.

Annual Subscription, $3.00. Single Copy, 10 cents

MONTREAL, FRIDAY, FEBRUARY 28, 1913.

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THE GENERAL FINANCIAL SITUATION.

The new gold offered in London on Monday amounted to $4,500,000. As there was no outside competition, most of it went to the Bank of England at the regular price of 77s. 9d. The court of directors of the big English central institution have allowed the 5 per cent. official rate to stand. Although market rates are not far below bank rate, and money is exceedingly firm, still there is plenty of liquidation in evidence at the various important centres—New York for instance—and that being the case the necessity for an advance in bank rate is not so evident. In the open market at London, call money is quoted 4¾; short bills are 5 p.c.; and three months' bills, 4 13-16 p.c.

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Across the Channel at Paris bank rate is 4 and private rate 3⅞; and at Berlin the Reichsbank still quotes 6, while the maret rate is 5½ p.c. With reference to Balkan affairs, although the war drags wearily on, it is said that Turkey and the allies are conducting secret negotiations; and the hope is expressed that these exchanges will result in a peace agreement early in March. At any rate there are signs that London and the great continental markets are preparing to divest themselves partially of the extremely pessimistic sentiments in which they have been moving for a considerable time.

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In the meantime the speculative fraternity in New York shows but little disposition to emerge from its gloomy surroundings. Further heavy liquidation has been seen at the American centre this week. Call loans there are quoted 3 p.c. Time money has been firmly held. Most of the city institutions are out of the market—consequently the greater part of the available funds came from out of town banks. Rates: sixty days, 4½ to 4¾; ninety days, 4½ to 4¾; and six months, 4½ to 5. Heavy liquidation of loans, as shown in the Saturday statement of the clearing house institutions was responsible for a satisfactory gain in surplus. Loans were reduced $29,235,000, while cash holdings decreased $4,300,000. The gain in surplus amounted to $4,226,750; and the item was thereby brought up to $13,173,650. In the case of the banks alone the increase of surplus was not so great. Their loans decreased $25,233,000, cash holdings fell $6,000,000; and the surplus rose from $9,316,250 to $11,579,250—an increase of $2,263,000. Sterling exchange has ruled very firm and the experts in the market say that the gold export movement to the Argentine Republic may continue until a total export of about $40,000,000 has been reached. One of the reasons for the strength of sterling exchange is found in the relatively low rates of interest on call loans in Wall Street. The New York *Journal of Commerce* explains that while the demand for money from Stock Exchange houses is very light in consequence of liquidation in securities from week to week, the only chance for a rise in money rates is in heavy corporate borrowing. And that borrowing is held in check because of the unsatisfactory investment demand for securities. It appears that investors generally are rather uneasy over the change of administration which takes place at Washington next week. There are widespread fears that the president-elect will seek to put his radical theories into effect in such manner as to seriously unsettle the business world and perhaps cause great destruction of investment values.

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The situation in Mexico is another factor which is responsible for a great deal of uneasiness. Notwithstanding the changes that have been effected in the Mexican Government, there are many who believe that permanent stability in that republic is not in sight. Fears are expressed that one dictator after another may arise and that revolutions and counter-