

The Chronicle

Banking, Insurance and Finance

ESTABLISHED 1881.

PUBLISHED EVERY FRIDAY

R. WILSON-SMITH,

ARTHUR H. ROWLAND,

Proprietor.

Editor.

Chief Office:

GUARDIAN BUILDING, 160 ST. JAMES STREET,
MONTREAL.

London, England, Branch Office:

19 LUDGATE HILL, E.C.

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

MONTREAL, FRIDAY, JANUARY 19, 1912.

INDEX TO PRINCIPAL CONTENTS

	PAGE
Prominent Topics.....	81, 83
General Financial Situation.....	85
The Banks and their Western Loans.....	87
The Royal Bank's Expansion.....	89
Gresham Life Assurance Society.....	90
Government's Revenue Still Going Ahead.....	90
Bank of Nova Scotia.....	91
New York Life Insurance Company.....	93
Saskatchewan's New Workmen's Compensation Act.....	93
Canadian Trade during 20 Years.....	95
Dominion Bank's Annual Statement.....	95
Home Life Insurance Company.....	97
Legal Decision: Bells at Fredericton Cathedral.....	97
Insurance Section.....	98
Personal Paragraphs.....	99
Canadian Fire Record.....	101
Market and Financial Section.....	103

Stock Exchange Notes.....	109
Stock and Bond Lists.....	111, 113

Annual Statements:—	
Bank of Nova Scotia.....	107
Royal Bank.....	110
New York Life.....	114
Home Life.....	117

THE GENERAL FINANCIAL SITUATION.

The South African gold offered in London on Monday, amounting to about \$3,800,000, was mostly taken by the Bank of England. No change was made in the official rate of the London bank. The 4 p.c. quotation is apparently serving the bank's purposes adequately. In the open market call money is quoted 3 to 3½ p.c.; short bills are 3½; and three months' bills, 3¼. These rates do not differ materially from the quotations of last week. A further relaxation occurred in the position of the Berlin market. Discounts there are now quoted at 3 p.c.; but the Imperial Bank of Germany still adheres to its 5 p.c. rate. One of the leading dailies in New York, in referring to the fact that as high as 20 per cent. was bid for money in Berlin, raises the question as to what would have happened there if New York had not been in position to send \$100,000,000 or thereabouts to the German centre during the recent crisis. It is apparent that if the

American funds had not been forthcoming Germany would have been much distressed. Probably there would have been a panic equalling New York's performances in that line. The New York paper referred to continues as follows: "This would have been rather unfortunate since it would, on the surface at least, have constituted an argument against the infallibility of a central bank system." In other words it would have increased the difficulty of creating the American National Reserve Association, which is a central bank under another name. Bankers and financial students in Canada are well aware that the proposed reserve association will not remove all the banking troubles of the neighboring country. At the root of those troubles lies the fact that a very large number of the banks of the United States are not well grounded in sound banking principles; and this defect the proposed reserve association cannot even touch. It will be there as long as the single office system of branches lasts.

In Paris discounts in the market are about the same as a week ago, 3½ p.c.; and the Bank of France rate remains at 3½. The downfall of the French cabinet and the publication of the fact that at the acute stage of the Anglo-German trouble last midsummer, some members of the ministry were in negotiation with German bankers will not tend to strengthen the *entente* between France and England. Then it is to be remembered that the English people are not wholeheartedly following the Asquith Government in its association with Russia in the Persian matter. It would not be very strange if in the course of a short time events moved in the direction of a better understanding between Britain and Germany.

In New York the money market has been dull and uninteresting. Call loans are 2¼; sixty day loans, 2½; ninety days, 2½ to 3; six months, 3¼ to 3½.

The clearing house institutions are shown in the Saturday statement, to have effected a very large increase of surplus. Taking banks and trust companies the loan expansion was \$38,126,000; but the gain in cash served to overbalance this easily. The cash increased \$22,350,000 largely through shipments of currency from the interior points. Excess cash reserve stood at \$34,950,000, the increase for the week being \$7,700,000. In the case of the banks alone the increase of surplus was even larger. Their loan expansion was \$30,415,000, the cash gain was \$27,000,000, and the increase of surplus \$13,000,000. The surplus shown by the banks is \$35,835,000. It would appear that with the further gains in surplus which are expected in the last half of January and allowing for the large loans to Berlin the monetary position in New York will be such as to permit a broad movement in securities or a broad movement of revival in business during 1912.

In Canada no material change has occurred in the money markets. At Montreal and Toronto call loans are 5 to 5½ p.c. as heretofore. It appears that a