

The Chronicle

Banking, Insurance and Finance

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IMPROVED FOREIGN EXCHANGE MARKET.

It has been expected that as soon as the new Western crop was available the export trade in grain would take on a livelier aspect, and that the home monetary position would be somewhat more comfortable as a result of the exporters' sales of bills of exchange. But as yet quietness rules in the export trade. There are said to be a few enquiries for new Manitoba spring wheat, but the prices bid were away below the expectations of holders, and little or no business was done. Probably the British and foreign dealers are proceeding on the assumption that the monetary pressure in Canada will force us to sell rapidly and to take whatever prices are offered. While it is quite true that the banks will endeavor to have the grain dealers dispose of their purchases expeditiously, it is not likely that they will force their customers to sacrifice their holdings for the benefit of outside dealers. It is to be expected that before the deliveries of new wheat reach large proportions the two parties will have reached a basis on which

the export business can proceed in satisfactory manner.

FOREIGN EXCHANGE MORE COMFORTABLE.

In the meantime the situation in the foreign exchange market has become more comfortable. New York funds have been ruling at a discount. The change may have been due in part to the receipt by the Bank of Montreal of the fourth instalment of the C.P.R. stock issue, and in part to the operations of banks desiring to issue circulation based on deposits in the central gold reserves. Bills of exchange drawn against exports of grain will be a very potent factor in the ensuing month.

CALL LOAN MARKET.

It has been said, in some quarters, that the home money markets are not quite so stiff as they have been. But on the other hand liquidation has been still in evidence, notably in the cases of new issues. Call loan rates are 6 to 6½ per cent. in Montreal; and in Toronto some loans command as high as 7 p.c. especially in cases where the collateral consists largely of securities having only a local market.

EUROPEAN DEVELOPMENTS.

The European markets are now experiencing a decided improvement. Money rates are firm and in some instances show an advancing tendency, but that is natural at this season of the year. The sentiment at the various international centres has become more confident; much of the nervousness which characterized the past eight months having disappeared. Bank rate in London is held at 4½ per cent. In the London market call money is 2½ to 2¾ p.c.; short bills are 3 11-16 p.c.; and three months' bills, 3¾ to 3 13-16. Private rate of discount at Paris is 3¾ p.c., and at Berlin, 5 p.c. Bank of France rate is 4 p.c. and that of the Imperial Bank of Germany, 6, as heretofore. Of the \$4,000,000 new gold offered in London on Monday the Bank of England secured \$3,000,000 and the rest was taken for the continent. London has shown a somewhat increased disposition to consider new security offerings, but it cannot yet be said that the British purse is wide open. Probably there will be great discrimination exercised by the London bankers in the matter of underwriting new issues, and rates will be maintained at a high level for the remainder of the year.

NEW YORK POSITION.

Call loans in New York are quoted 2¼ to 2½ per cent. Time loans are steady. Sixty days, 3¾ p.c.; ninety days, 4½ p.c.; and six months, 5¼. The Saturday statement of clearing house institutions showed a loss in surplus reserves. In the case of all members the loans expanded \$8,956,000; the cash holdings increased \$500,000; and the surplus reserve decreased \$2,525,000—falling to \$23,895,700. The banks alone reported loan expansion of \$12,286,000; cash gain of \$1,050,000; and decrease of \$2,459,000 in surplus.