# The Chronicle

**Banking, Insurance and Finance**

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## GENERAL FINANCIAL SITUATION

In common with the principal European centres, Montreal and Toronto have been affected this week by the unsatisfactory financial developments in Mexico City. Although two of our banks—the Bank of Montreal and the Commerce—have branches there, the probabilities are that they have been very circumspect as regards the business they would accept during the past year or two; and that they have their Mexican resources in such shape as not to occasion undue anxiety. Still with the troubles of the National Bank of Mexico, the Central Bank, and the Bank of London and Mexico the average day's business must be full of perplexities for the managers of the Canadian branches.

The influence exerted by the Mexican developments on our markets is largely indirect. London, Paris and Berlin all have very large interests in Mexico; and naturally they are unsettled by the course of events. Unsettlement at London usually reacts on Canada nowadays, since our external obligations have reached such large proportions. There is reason to believe that the Mexican bank troubles have thus indirectly increased the European selling of Canadian Pacific. Perhaps this selling and the selling induced by the knowledge that the January earnings are likely to compare very unfavorably with January, 1913, is as much responsible for the slump in C.P.R. as the new issue of 6 per cent. notes. Under the circumstances prevailing, it was not to be expected that there would be much of a Christmas boom in stocks either here or at New York. To put up prices materially would only invite liquidation from Europe.

According to recent news from Western Canada the movement of grain to the lake ports is falling away quite noticeably. Decreased activity in the grain trade, taken with the disinclination of stock market speculators to commit themselves extensively to the bull side, tends to make the money market position more comfortable. But, of course, if any large volume of C.P.R. stock or of other Canadian stocks held internationally, came home, there would be an outward drain of funds. Call loans in the Montreal and Toronto markets are quoted as heretofore at 6 to 6½ p.c.; and mercantile paper rules at 6 to 7 p.c.

Bank rate in London is maintained at 5 p.c. In the open market call money is 4¼ to 4½ p.c.; short bills are 5 per cent.; three months' bills, 4⅞ per cent. The Bank of France quotes 4 per cent., and discounts in the private market at Paris are 3¾. And at Berlin the Imperial Bank of Germany quotes 5 as against 4½ quoted in the private market. It is said that the situation in Paris arising out of the preliminary loans made by the big French banks to the Balkan states is quite acute. There is something of a dead lock between the banks and the French Government. The Government is anxious to issue a huge loan to cover the expense of plans for developing the army and navy and the ministers do not look with favor on projects for issuing loans for the Balkans or any other states until they have satisfied their own requirements. And, unfortunately for the French bankers, they have already parted with their money and hold the short term obligations of Bulgaria, Servia, etc. They declare that if they are not permitted to float the Balkan loans they will have no money to support the proposed issue of French rentes. One dispatch this week stated that if the new ministry could not command the support of the banks for the forthcoming national loan it would perhaps have to go out of office.

In New York call loans are 3¼ to 3½ p.c., most of the business being done at 3½; sixty day loans are 5 to 5¼ per cent.; ninety days, 5 per cent.; and six months, 4¾ to 5 p.c. The Saturday bank statement was again favorable. In case of banks and trust companies the loan expansion was $4,651,000; and the gain in cash amounted to $5,100,000. The surplus reserve rose from $15,980,300 to $17,439,350, an increase of $1,459,050. The banks taken by them-