MONTREAL SECTION

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MONTREAL AND MONEY.

Financial Topics Prominent in City of Royal Mount—Manufacturing Reaction.

Monetary Times Office,
Montreal, November 12th.

From what can be ascertained in banking circles, there does not appear to be any foundation in fact for the report concerning the probability of the absorption of some of the smaller French banks by their larger competitors.

I asked Mr. M. J. A. Prendergast, general manager of the Bank of Hochelaga, if he knew anything of the matter. He replied, "I assure you absolutely that I know nothing whatever about it, nor have I heard anything about it."

There is every reason to suppose that Mr. Prendergast would have heard something of the matter had there been any serious talk of it, as the Bank of Hochelaga is the largest French bank in Canada.

I also asked Mr. M. Chevalier, general manager, Credit Foncier Franco-Canadien, if he had heard anything of the matter. "No," replied he, "this is the first I have heard of it. I think if there were anything in the wind it would have reached me. I do not just see what object would be accomplished by the absorption or amalgamation."

Being further questioned as to the financial situation and the volume of loans, he said:

"Our company has now ceased entirely to loan money on any security whatever. We decided to refuse to make further loans last week. The reason of our action was that, had we kept on granting loans at the rate we were doing, we would have been short of money before very long. Applications for loans had been coming in at the rate of upwards of a half a million per month for some time, and during the past few weeks they aggregated a very much larger amount. There was little use discriminating between the nature of the securities offered, as they were all first-class. To have selected loans under these circumstances would have been to start trouble with our customers sooner or later."

When asked how long the company would continue in its present attitude, he said, "Possibly for several months, and certainly until the funds of the company have been augmented by receipts for new stock, the issue of which has already been decided upon."

Shortage of Money is Acute.

This shortage of money has now become very acute and is interferring with business of all kinds. Grain men are now feeling the effects to an extent never before experienced. The export business is almost at a standstill because of the difficulty of getting cash to move the grain. It would hardly be possible to sell Sterling Exchange. Local banks practically cannot get money from New York for bills sold here to people there. The Clearing House certificates which are taking the place of circulation in New York, to a very large extent, are not known here and could not be used. Canadian insurance companies are experiencing quite a run on their loan department. Those companies which promise loans of definite sums, according to each individual policy, are constantly being applied to and many commercial men of business have drawn to the full limit upon the conditions of their policies. Bankers also allow that there have been very large withdrawals of money from savings bank accounts. This money is doubtless largely going into the purchase of stocks, and when recovery comes there is no doubt that a very large number of small investors will be on board the balloon for a good rise.

There is every indication that there will be a considerable contraction in the volume of manufacturing during the coming winter. Already the movement in this direction has become quite marked and almost every day are heard rumors that some of the large establishments are either discharging part of their employees or about to do so. These concerns are interested in the manufacture of all sorts of machinery, and as is natural, those whose business is based on the supply of articles of luxury are being affected first. There are rumors also to the effect that there will be a considerable falling-off in the output of agricultural implements, and it is even stated that one or more implement factories will close down entirely for a portion of the winter. Manufacturers of electrical machinery, mining, hydraulic, and, in fact, almost all lines of machinery, seem to be reducing their output. As explained by the manufacturers, the situation is a peculiar one. It would seem that there is no lack of demand for goods. They could readily find buyers for far more than they are able to supply, but they would have to accept buyers' terms of payment, and this they cannot afford to do. The shortage of money, apparently, is at the bottom of the trouble. The goods are required and buyers are not afraid to make purchases and to undertake to make payment, but the manufacturers have not the money or the credit to carry on operations on this basis. Instancing the result of this condition of affairs, is the case of one very large concern which has announced to its customers that hereafter a certain percentage of cash must accompany all orders. Anticipating that this will probably reduce the volume of their trade, the concern has already discharged a number of its employees.

No Stock Market Recovery Yet.

This condition of affairs is not conducive to a brighter feeling among financial men. At all times there are a number of firms which are running close to the wind, so far as finances are concerned, so that any serious condition arising is bound to embarrass them and probably compel them to make arrangements with their creditors. It is consequently thought not impossible that a small crop of failures may be reported before the situation straightens itself out. Financiers are of the opinion that tight money will continue to be the governing factor for a long time to come. Certainly it is not expected that any recovery of consequence in the stock market will take place before the end of the present year. It is thought that thereafter money will be easier than it now is; but this is in reality saying very little towards financial plentifulness. During the past week the situation has probably been more acute than it has yet been. There are a number of instances of banks having called in loans, which they had so far permitted to stand. In many cases call money has gone to 7½ per cent. That there have been very few marked declines in the stock markets is entirely attributable to the fact that prices are so low already that it is practically impossible for them to show any very great declines. The probabilities are that the crop movement is responsible for the additional pinch at the present moment and that the coming bank statement will show a very small margin for expansion in circulation.

A further reduction in the number of hands employed at the C. P. R. Angus Shops is being made, yet it is stated officially that less than 200, including the 150 discharged last week and those discharged a few weeks previously, will be laid off. These men, it is stated, were only temporarily employed for special rush work. The C. P. R. is not alone in this matter of discharging its mechanical employees, it being reported that the G. T. R. has also laid off about 250.

The bonds of the Montreal Warehousing Company have been listed on the Montreal Stock Exchange. They are: The entire issue of $1,000,000 first mortgage 4 per cent. gold bonds, dated April 1st, 1936.

The bonds are in coupon form in denomination, $1,000 or £205 15s. 3d., and semi-annual interest is payable at fiscal agency of the Grand Trunk Railway, at London, Eng., and in Montreal. This issue forms the first and only lien upon all the terminal storehouses and elevators of the Grand Trunk Railway, by whom the principal and interest are unconditionally guaranteed by endorsement upon each bond. A feature of the new equipment suggested by the Harbor Commissioners for the port of Montreal will be a floating crane. The commissioners have decided to forward to the Hon. the Minister of Marine and Fisheries, plans, specifications and estimates for a modern floating crane for the harbor, to be delivered at the opening of navigation next year. The secretary submits the following comparative statement of the revenue from the opening of navigation:

On imports	$176,500 00	$189,500 00
On exports	64,500 00	60,500 00
On local traffic	35,643 24	33,291 48
	$276,642 24	$283,291 48