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GENERAL FINANCIAL SITUATION.

One of the consequences of the relatively higher rates of discount ruling in Paris and Berlin was seen on Monday when the Continent secured the \$2,250,000 of South African gold arriving that day. The dispatches state that this is the first time in a considerable period at which the Bank of England has not secured a substantial part of the new gold. Bank rate at London was left unchanged at 3 per cent. In the market call money is quoted at $1\frac{1}{4}$ to $1\frac{1}{2}$ p.c.; short bills 2 5-16, and three months' bills, 2 5-16 to $2\frac{3}{8}$.

At Paris and Berlin the official rates of the Bank of France and the Bank of Germany were held at 3 and 4 p.c. respectively and the market rates are given as $2\frac{3}{8}$ and $3\frac{1}{8}$ respectively. In European politics nothing of importance has transpired to affect the money situation materially. A revival of uncertainty as to the outcome of the political tangle in Great Britain is to be noticed in London. Many well informed people have been looking for a dissolution of the Imperial Parliament and a new election to occur shortly. If it does it is altogether likely that issues placed before the electorate will be less radical and revolutionary than was the case in the January contest. However, the fact that the taxes are very seriously in arrears, owing to the non-passage of the budget, has created a situation that demands careful attention. The Government cannot well go on indefinitely borrowing from the banks to meet its expenses and payments.

In New York rates are about the same as a week ago, and the stock market apathy continues. Most of the call funds are still being placed at around $2\frac{3}{4}$. 60 day money is $3\frac{1}{4}$ to $3\frac{1}{2}$; 90 days, $3\frac{1}{2}$ to $3\frac{3}{4}$; and six months $3\frac{3}{4}$ to 4 p.c. On Saturday, owing to a loan expansion of \$18,400,000 and a cash loss of \$700,000, the clearing house banks reported a loss of \$5,030,000 in surplus, bringing the item

down to \$24,017,650. No changes of consequence occurred in the position of the trust companies. The foreign exchange market in New York has been tending in the direction of gold exports. The problem of the exchanges and of the foreign trade balance has been coming in for some earnest discussion lately. For the seven months ended January 31, the balance of trade in favour of the United States was only \$177,000,000 as against a favourable balance of \$321,000,000 in the corresponding period of last year. The imports show a steady and all round increase, the figures rising from \$697,000,000 to \$891,000,000; while the exports rose only \$50,000,000—from \$1,018,000,000 to \$1,068,000,000. There are many significant decreases amongst the items of the exports, for example wheat \$19,000,000, wheat flour \$1,400,000, bacon \$3,100,000, cattle \$3,000,000, oil cake and meal \$6,300,000. An eminent English banker, commenting last week on the shrinkage of the favourable balance of trade experienced by the United States, said that it is something of a puzzle how the Americans are going to pay for the spending of tourists in Europe, interest on their debt held abroad, commissions and premiums on insurances carried by foreign companies, ocean freight charges, remittances to Europe by foreign laborers in the United States and the like. It takes an enormous sum to equalize this outgo.

Hitherto the trade balance has been so much in favour of the United States as to enable them to settle the international accounts without exporting gold. But that condition of affairs is passing away, and some other means of settling may have to be provided. Some think the void will be filled by heavy sales of American securities in Europe. Possibly there will be an increase in the bond issues and loans placed in London and Paris by United States corporations. But one thing is certain. If Europe is to buy their securities on an abnormally large scale it will be at low prices; and one might anticipate that prices of Wall Street stocks would not rule very high while the process was going on. It is more than likely that the necessity of meeting these foreign payments will bring about an increased export of commodities and manufactured articles—but prices will have to fall before it takes place. So it may possibly happen that the cost of living on this continent will be reduced somewhat before many years have passed.

Canadian trade returns continue to be encouraging indeed. For January the country's foreign commerce amounted to \$51,500,000—the increase over a year ago being about \$12,325,000.

In Canada call loans are still 5 to $5\frac{1}{2}$ p.c. The January bank statement shows that our banks