The Chronicle

Banking, Insurance and Finance

ESTABLISHED 1881. PUBLISHED EVERY FRIDAY.

R. WILSON-SMITH, *Proprietor.* ARTHUR H. ROWLAND, *Editor.*

Chief Office:
GUARDIAN BUILDING, 160 ST. JAMES STREET, MONTREAL.

Annual Subscription, $3.00. Single Copy, 10 cents

MONTREAL, FRIDAY, NOVEMBER 1, 1912.

INDEX TO PRINCIPAL CONTENTS

THE GENERAL FINANCIAL SITUATION.

Again this week the Bank of England secured the bulk of the new gold arriving from Africa. The shipments totalled $5,000,000. All European money markets exhibit a decidedly hardening tendency. Bank rate in London remains at 5 p.c.; but in the open market quotations have advanced. Call money is now quoted 3¾ to 4½ p.c.; short bills are 5; three months' bills, 4 15-16 to 5 p.c. At Paris bank rate was raised to 4 p.c. and private rate is 3¾; in Berlin also it is rumored that the Imperial Bank of Germany will follow last week's rise to 5 p.c. with a further advance. Discounts in the open market at Berlin are 4½.

* * * *

The London Stock Exchange and the Paris Bourse have had a peculiarly trying settlement owing to the uncertain situation created by the war. At the beginning of the week the nervousness of the markets was increased by the famous telegram dispatched by the Czar of Russia to the King of Servia, congratulating him upon having achieved great successes without having called for any outside help. Of course, this message was taken in Europe as an intimation to Austria that the Balkan potentates can call upon Russia for assistance if the interference of Austria threatens to rob them of the fruits of their expected victory. Austria has already declared, through one of her ministers, that she will not consent to the seizure and permanent occupation by Servia of one particular parcel of the Ottoman Empire now held by Servian troops. It is quite clear that the continued successes of the allies has opened up a very difficult problem for European diplomacy; and the various chancelleries will be obliged to move circumspectly in order to compose the differences that exist.

* * * *

One trustworthy New York journal has drawn attention to the fact that up to this week most of the news relating to the war has been procured from the capitals of the allies. Very little has come from the Turkish side. And while it is not to be denied that the Bulgarians, Servians, Montenegrins, and Greeks have gained important victories, they may have greatly exaggerated their successes. It appears that the military authorities of other powers are astounded at the failure of the Turkish army to make a stand. In Germany particularly the inner military circles are quite dismayed over the results of the campaigning thus far. As the Turkish army has been recently re-made on the German model and as it is supposed to have been thoroughly trained by German officers, it is no wonder that official Berlin is upset.

* * * *

The predictions of dearer money in New York are in the way of fulfilment. Rates have risen all along the line. Call loans are 5¾ and yesterday went to 8½ per cent.; sixty day loans, 5¾ to 6 p.c.; ninety days, 6 per cent.; and six months, 5½ to 5¾ p.c. The Saturday statement of the clearing house institutions—banks and trust companies—showed decrease of $8,108,000 in loans, decrease of $8,660,000 in cash, and a resulting decrease of $5,384,000 in the excess cash reserve. The excess now stands at $4,024,000. The banks alone reported loan contraction of $7,767,000, cash loss of $6,470,000 and a drop of $2,639,500 in surplus. Most of the big steamers arriving from Europe continue to discharge large bundles of American stocks and bonds sold out by European speculators. Final settlement for this return flow of securities has not, of course, been made. The New York banks have had to finance this week the November dividend disbursements; also the movement of cash to the interior for crop-moving continues very heavy. Great preparations are on the way for enlarged industrial and mercantile operations; this, too, places the banks under obligation to make heavy loans. When all these factors are considered, in addition to the homeward movement of American securities, it will be seen that the outlook points to an exceedingly stiff money market during the remainder of the year. Fortunately the deliveries of grain