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, APRIL 25, 1913.

INDEX TO PRINCIPAL CONTENTS

THE GENERAL FINANCIAL SITUATION.

Notwithstanding last week's reduction in its official rate of discount—from 5 to 4½ p.c., the Bank of England secured the bulk of the $4,500,000 new gold offered in London on Monday. The expectation in the city is that a further reduction in London bank rate will occur very shortly. In the open market at the British capital, call money is quoted 2½ p.c.; short bills are 3½ to 3 9-16; and three months' bills, 3⅝. Private discounts in the Paris market are quoted at 4 and in Berlin at 4⅜. Bank of France rate is 4 p.c., and that of the Imperial German institution 6 p.c.

MONEY RATES AND BRITISH TRADE.

On comparing these figures with last week's quotations it is observable that the tendency of money rates at London is still downward. Rates for all classes of paper are now well below the French quotations. The fall in British rates is not to be ascribed, apparently, to decreased commercial prosperity. Chancellor Lloyd George declared, in the course of his budget speech on Tuesday, that there are no indications that the trade boom has reached its maximum and there are no signs of over-production. He further stated that he felt justified in coming to the conclusion that the year just begun will prove to be the most growing year that British trade has ever seen. One may surmise that the prospective lowering of the United States tariff constitutes one of the strong reasons for expecting that the prosperous conditions in the British Isles will continue for the present. With the prospects so favorable to trade expansion in the United Kingdom, it is perhaps not to be expected that money will get very cheap in the London market. An active trade always means a plentiful supply of bills for discount; and there will also be an extraordinary amount of special financing for London to handle, as soon as the Balkan troubles are satisfactorily adjusted.

THE NEW YORK POSITION.

In New York call loans are quoted 2¾ p.c.; sixty day loans are 4¼ p.c.; ninety days, 4¼; and six months, 4¼ to 4½. These quotations also are under last week's figures, so far as the time loans are concerned. The bank statement on Saturday was favorable—in case of all members of the clearing house an increase of $4,181,000 in surplus reserve was effected. This came about as a result of loan contraction of $10,780,000 and gain of $3,170,000 in cash. In case of the banks alone the loan contraction amounted to $1,372,000 and the cash gain to $1,000,000; so the surplus increased but $1,060,000. The surplus reported by all members was $19,085,850, and by banks alone $15,993,750. No great demand for credit for speculative purposes has as yet made its appearance. Apparently the investment and speculative demand for securities has been seriously affected by the persistent interference and attacks of Government. In the state legislatures nearly all the meddlesome faddists and theorists apparently have a free hand and the result is that the statute books are laden with a rapidly accumulating mass of laws which while designed to improve the position of the laboring classes and of the public in general, in actual practice serve no other purposes than to increase the cost of transportation and manufacture and intimidate capital.

CANADIAN BANKS' EXCHANGE OPERATIONS.

The sterling exchange market in New York has been weak under heavy offerings of bills. It is perhaps reasonable enough to assume that the operations of the Canadian bank agencies have been responsible, in some degree, for the strong position acquired by New York in regard to international exchange. A number of Canadian issues have appeared in London during the past month or six weeks—issues by provinces and municipalities in particular. Then, as mentioned last week, the second instalment of $21,000,000 on the C.P.R. stock issue was paid on April 14th. As about 80 per cent. of the railway company's stock is supposed to be held in Europe, the Bank of Montreal, London, would receive perhaps $16,000,000 on account of that stock. It would