

# The Chronicle

## Banking, Insurance and Finance

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### BANKS' RESULTS.

The profits of Canadian banks are holding up unexpectedly well in view of the trade depression in all parts of the Dominion. A decrease of less than \$90,000 is shown by the Bank of Montreal for the half year ending April 30th, 1914. Liquid assets of the bank increased substantially—about \$19,000,000.

Merchants' Bank of Canada profits for year ending April 30th, were \$1,218,964 as against \$1,338,844 for the year ended November 30th, 1912. With the addition of \$400,000 of current profits to its reserve fund, the Merchants will be able to celebrate its semi-centenary having a rest equal to its capital. The Imperial shows an increase of \$111,000 in profits—the figures being \$1,236,984 in 1914 as against \$1,125,971 in 1913. The Sterling's profits for year just ended were \$114,200 as against \$113,400 in the preceding year.

#### BANKS' STRONG POSITION.

Of course it is to be remembered that the banks now reporting had the benefit of operations during a considerable part of 1913 in which trade was active.

Banks reporting later in the year will present reports more representative of the quieter times of 1914. Generally the banking institutions show quick assets noticeably stronger than a year ago.

#### DEPRECIATION OF INVESTMENTS.

The appropriations for depreciation of investments constitute another feature of the 1914 reports. It will be remembered that in 1913 the banks in Europe and America reported unusually large appropriations for depreciation of securities. Presumably there will be recoveries in this department when market conditions at the world centres show improvement. With respect to rates of discount applying to commercial loans in Canada there has been little reduction; but it has developed that bank profits have been reduced to a certain extent in the last few months through transfer of amounts from current loans to cash reserves. It was foreseen that slackening of trade activity would ultimately result in increasing the idle money carried as reserve.

#### NO TURN FOR THE BETTER YET.

As yet there has been no decided turn for the better in trade conditions as reflected by statistics of bank clearings, railway earnings and business failures. For the second week of May the Canadian Pacific's decrease—\$394,000—is smaller than any decrease shown by C.P.R. since the first week in April; but on the other hand the Grand Trunk and C. N. R. decreases show no tendency as yet to grow smaller—Grand Trunk's decrease of \$159,000 has only been exceeded by two of the ten-day periods at end of the month.

While trade is slack the Street will continue to hold its expectations that interest rates in Montreal and Toronto will work to a lower level. Call loans this week have been quoted at 5½ to 6 p.c., the same as in the preceding week.

#### LONDON POSITION.

The London bank rate is unchanged at 3 p.c. In the open market call money is 2½ p.c.; short bills, 2 15-16 p.c.; and three months' bills, 3 p.c. The private rate of discount in Paris is 2¾ p.c.; and at Berlin the private rate is 2½%. Neither the Bank of France nor the Imperial Bank of Germany changed the discount rate; so 3½ and 4 are still quoted at Paris and Berlin respectively.

#### ALBERTA'S NEW LOAN.

The Province of Alberta is offering \$5,000,000 in 4½ p.c. ten-year debentures simultaneously in London, the United States and Canada. Proceeds are wanted to meet 'treasury bills which have been running in London for a year or so. With the London market favorable to our issues the whole loan would have been placed in England without difficulty. As things are it is necessary to appeal to investors in Canada and the United States as well as to English investors. Probably there are many investors in