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THE GENERAL FINANCIAL SITUATION.

The monetary situation at the great international centres is much the same as a week ago. In London Bank rate was reduced to 3 p.c. as the financial interests had expected. In the open market call money is $1\frac{3}{4}$ to 2; short bills are 2 13-16 to $2\frac{7}{8}$; and three months bills, $2\frac{7}{8}$. Across the channel at Paris the market rate for discounts is $3\frac{1}{8}$, while the official rate at the Bank of France is $3\frac{1}{2}$. The Bank of Germany quotes 5 p.c. and Bank discounts at Berlin are $3\frac{3}{4}$.

Except for the war between Turkey and Italy, which drags along without much excitement, European politics in general appear to be growing more placid. The German press is apparently of the opinion that the change of their ambassador in London should result eventually in some improvement in Anglo-German relations. At any rate the newly appointed ambassador, Von Bieberstein, is said to be the most capable man in the German diplomatic service; and it is to be hoped that the efforts of the statesmen of both countries to remove causes of friction will be measurably successful.

In New York interest rates have been affected, to a moderate extent, by the sharp liquidation taking place in the securities market. Call loans are $2\frac{3}{4}$; sixty day loans, 3 to $3\frac{3}{4}$; ninety days, $3\frac{3}{4}$ per cent.; and six months, $3\frac{1}{2}$ to $3\frac{3}{4}$. Clearing house institutions in New York city suffered an important loss of reserve strength, as indicated by the Saturday statement. Their loans increased \$12,438,000, while the cash decreased \$160,000 and deposits increased \$14,700,000. The excess cash reserve declined from \$19,677,000 to \$14,276,000. The banks, taken by themselves, made the following showing: loans increased \$9,722,000; cash decreased \$4,200,000; deposits increased \$6,200,000; and surplus decreased \$5,773,000.

For the sharp liquidation ensuing in Wall Street various explanations have been adduced. The misunderstanding in connection with the settlement of the coal mining wage controversy, the insistence of the engineers on their untimely demands for increased pay, the appearance of the locomotive firemen with demands upon the railways, the damage to the winter wheat crop, and finally the bitter political contest between President Taft and ex-President Roosevelt. No doubt, all of these circumstances have had something to do in encouraging a bear raid; but probably their influence has on the whole been secondary to that of the operations of the cliques of manipulators responsible for the unseemly speculation in American Can and Reading. In other words, the speculative excesses of these bullish cliques have made the market more vulnerable to unfavorable news. At any rate the clearing away of loans, which has been in evidence this week, will serve to strengthen the market. It should be remembered that the main basis for hopefulness in Wall Street lies in the slow and steady improvement in industrial and commercial conditions.

In Canada monetary conditions are not greatly changed. Call loans in Montreal and Toronto are 5 to $5\frac{1}{2}$ per cent. as heretofore. In last week's article it was mentioned that the distribution of the funds brought to Montreal in connection with the payment of Montreal Tramways debentures had served to ease the money situation for the time being. It appears now that the extraordinary movement of grain down the Lakes from Fort William and Port Arthur is likely to have further effect in relaxing the strings. According to press reports about 35,000,000 bushels of grain have been lying at the lake terminals ready for shipment—the grain being distributed among the elevators, the vessels wintering at the head of the lakes, and some 4,000 railway cars. Needless to say, from the beginning of May, Fort William and Port Arthur have been the scene of great activity. With the clearing of the heavily laden vessels that have been there through the winter, the arrival of a fresh fleet seeking cargoes, transfer of grain from the elevators to these newly arrived steamers, discharge