

# 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.*London, England, Branch Office:*

19 LUDGATE HILL, E.C.

Annual Subscription, \$2.00. Single Copy, 10 cents

**MONTREAL, FRIDAY, JULY 14, 1911.**

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**THE GENERAL FINANCIAL SITUATION.**

As Germany now appears to have satisfied her requirements for the time being, no continental competition was in evidence on Monday when the African gold appeared on the market. The whole amount—\$3,250,000—therefore, went to the Bank of England. The London bank rate continues at the 3 p.c. level. Money and discounts in the open market are cheaper. Call money, 1 p.c.; short bills, 1 15-16 p.c.; three months bills, 2 p.c. In the Paris market discounts are 2½%; and in Berlin the market rate is 2¾ per cent. Doubtless the gold importations have been responsible for the softening tone. The Reichsbank adheres to its 4 p.c. official quotation, and the Bank of France con-

tinues to quote 3 p.c. Excitement over the Moroccan question seems to have subsided. It appears that the statesmen of the three powers directly concerned will be able to reach a satisfactory solution. The progress made in this matter has had its modicum of effect in bringing further relaxation to the principal monetary centres.

In New York the quoted rates are: Call loans; 2¾; sixty day loans, 2½; ninety days 2½ to 2¾; six months, 3¾ to 3¾. The Saturday bank statement showed another heavy reduction of surplus. For all members of the Clearing House the changes reported were as follows: loans, increased \$600,000; cash, decreased, \$21,240,000; excess cash reserve, decreased \$16,000,000. For the banks alone there was reported a loan increase of \$1,200,000, a cash decrease of \$21,800,000, and a reduction of \$16,200,000 in surplus bringing it down to \$3,843,500. The loss of surplus is thus due wholly to the drain of cash. This passed chiefly into the vaults of the Treasury on account of the recent Panama Canal loan. The course of the surplus reserve, banks alone, since the 24th June last is sufficiently striking. At that date the surplus was \$51,222,750 and it looked a tower of strength. Two weeks later it stood at \$3,843,500, having been virtually dissipated, or rather exhausted, in that short time. However, in the last week, the working balance of cash in the United States Treasury rose from \$37,000,000 to \$85,000,000. Usually the Treasury follows the policy of re-depositing in banks funds drained from them in collecting revenues or proceeds of public loans. Probably the same course would be followed if any signs of stringency were to appear on the present occasion. So far there are no indications of stringency and, no doubt, by the end of the present week the bank statement will disclose the results of a return flow of dividend and coupon money. It is supposed that the New York banks can at will bring about a gold movement from London, or Paris, to America, through recalling their large balances in Europe. It may also be the case that the Treasury officials are not unwilling to help along the project for the creation of a central bank by demonstrating anew the inconvenience that can result from the operation of the existing fiscal system.

In Canada call loans are still quoted at 5½ p.c. money being still hard to get. Evidences are multiplying that the banks are making the most careful and elaborate preparations for financing the big western wheat crop. It is now almost assured that a yield of over 200,000,000 bushels will be seen in the three Western Provinces. The undertaking of financing it surpasses in magnitude that involved in all previous years. It appears that there is considerable discontent in Western Canada over the action of the banks in refusing to