

The Chronicle

Banking, Insurance and Finance

ESTABLISHED 1881.

PUBLISHED EVERY FRIDAY

R. WILSON-SMITH.

ARTHUR H. ROWLAND.

Proprietor.

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, OCTOBER 20, 1911.

INDEX TO PRINCIPAL CONTENTS

	PAGE
Prominent Topics	1503, 1505
General Financial Situation	1507
The Molsons Bank	1509
Growth of American Life Insurance	1511
Bank of Montreal's new Capital Stock	1513
Bank Act: Suggested Further Postponement of Revision.....	1513
The Dominion's Population	1513
Workmen's Compensation by the State.....	1515
Opening of the Banque Internationale.....	1517
Safeguarding a Dwelling House	1517
Prevention of Fire Waste	1519
Encouraging Growth of Lumber.....	1519
Insurance Section.....	1519
Personal Paragraphs.....	1523
Canadian Fire Record.....	1523
Market and Financial Section.....	1525
Stock Exchange Notes, Bank and Traffic Returns.....	1529
Stock and Bond Lists.....	1531, 1533
Annual Meeting :- The Molsons Bank	1534

THE GENERAL FINANCIAL SITUATION.

The Bank of England again secured the bulk of the \$4,000,000 South African gold arriving in London on Monday. Although the bank has been able to obtain a large share of these consignments during the last two or three months it has been obliged to ship gold abroad rather extensively. Large amounts have been sent to South America, Egypt, Turkey, and India; Italy also has been drawing on the metal in the Bank's vaults since the war opened. Bank rate in London is maintained at 4 p.c. In the market call money is $1\frac{1}{2}$ to $1\frac{3}{4}$ p.c.; short bills, $3\frac{3}{8}$ to $3\frac{1}{2}$; three months' bills, $3\frac{3}{4}$ to 3 13-16. Discounts in the market at Paris are $3\frac{1}{2}$ p.c.; at Berlin the market rate is 4 $\frac{1}{2}$ %. This represents an advance at Berlin and no change at Paris. Bank of France rate is $3\frac{1}{2}$ %, and that of the Imperial Bank of Germany 5 p.c. Matters in Europe are still unsettled. English, Russian and German banks do a large business in China. Their interests are affected by the spread of the rebellion. Consequently the financial interests are watching the movements of the international forces and of the Chinese Imperial forces closely.

It is thought in some quarters that the troubled political situation abroad will necessitate the maintenance of rather high rates of discount at the principal European capitals for some little time.

Rates in New York have not changed appreciably during the week. Call loans are $2\frac{3}{8}$; sixty day loans, $3\frac{1}{4}$ to $3\frac{1}{2}$; ninety days, $3\frac{1}{2}$ to $3\frac{3}{4}$; and six months, $3\frac{1}{2}$ to $3\frac{3}{4}$ p.c. The Saturday bank statement did not show wide or important changes of position. In the case of all clearing house members the loans decreased \$1,300,000; the cash fell \$1,100,000; and the excess cash reserve decreased by about a million, remaining at \$13,362,000. And in the case of the banks alone the loans were reduced \$5,369,000; the cash fell \$800,000; and the surplus was increased by \$74,000. The supply of funds in New York is running steadily ahead of demand; and it does not look as if interest rates would rise appreciably from the present level. Some authorities look for the export of a considerable amount of gold from New York, as the foreign exchange market has been rising latterly and a movement of funds to the other side of the Atlantic has been in progress. International houses with funds to loan have been able to get better rates abroad than in New York. The loans made by the New York bankers to Berlin are understood to have been at very attractive rates of interest. It is quite possible that the Canadian banks in New York have participated in these transactions. They usually take a prominent part in the exchange dealings in New York; and they are ready to swing a part of their foreign reserves from one side of the Atlantic to the other according as Europe or America bids most for funds.

The position of the money markets in Canada continues to be satisfactory. Call loans are quoted at 5 to $5\frac{1}{2}$ per cent., but it is said that not many loans are as yet available at the lower figure. The street is watching with much interest the initial operations of La Banque Internationale which has at length got its certificate of permission to do business. The new Government at Ottawa issued the certificate and the bank opened this week. It starts with a paid-up capital of \$1,000,000, and of course, the right to issue its notes to a like amount. The close connection existing between its President and the Stock Exchange has caused some people to think the new bank will specialize in loans to brokers. The excellent statement presented at the Molsons Bank annual meeting is taken as indicating that the chartered banks in general are having an exceptionally profitable year. The first large batch of statements is due early in November and it is quite probable that some others will, like the Molsons, have record-breaking reports to present. The Molsons profits are \$110,000 greater than the profits of any preceding year. It is not so much the prevalence of high rates of discount that is conducing to banking prosperity as the employment of all available funds in general business.