

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, MARCH 10, 1911.

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THE GENERAL FINANCIAL SITUATION.

On Monday this week the Bank of England secured the greater part of the \$3,500,000 arriving from South Africa, and it also secured a further \$1,000,000 in the open market. Bank rate is reduced to 3 p.c. In the London market call money is quoted 2¾ to 3; short bills, 2 9-16; and three months' bills, 2½ to 2 9-16. All these quotations

represent declines. Very little change is seen in the continental rates. At Paris, discounts in the market are 2 3-16 and at Berlin they are 3½. The Bank of France and the Bank of Germany still quote 3 and 4 p.c.

In New York further cheapening of money rates has been in evidence. Call loans, 2¼ p.c.; sixty days, 2¾ to 3 p.c.; 90 days, 2¾ to 3 p.c.; six months, 3¼ to 3½ p.c. On Saturday the New York banks suffered a loss of surplus amounting to \$4,400,000, which ensued because of loan expansion, about \$10,000,000, and cash loss of \$3,000,000. The trust companies and non-member state banks expanded loans to the extent of \$2,270,000; and as their cash gain was insignificant, their proportion of reserve to liability decreased from 17.4 p.c. to 17.3 p.c.

With regard to the cash holdings of the clearing house banks one very peculiar development occurred. It has been remarked that, taking all of those institutions, their cash on hand is shown to be \$3,000,000 less than that held a week ago. However, one institution—the National City Bank, the largest banking institution in New York—reported the acquisition of no less than \$12,000,000 cash during the week, this without any notable fluctuation of the loan account. It is to be observed that this great Standard Oil institution has been running consistently strong in cash. Also, the Standard Oil interests are credited with having sold an enormous line of stocks in the past six or seven months. The New York Journal of Commerce refers as follows to the big bank's extraordinary cash gain. "It was natural that the accumulation of cash by the City Bank should excite fresh comment as to the apparently ultra-cautious attitude of that institution. The official assurance, given some time ago, was that there was no profitable demand for accommodation and that it was not considered politic to force interest or discount rates to still lower levels. Wall Street persists in fancying that there may have been other considerations."

Apparently one of the "other considerations" which Wall Street has in mind is that Standard Oil thinks stocks will go down, and that it wants to be in position to profit from the circumstance. However, it is a nice question whether a policy of this kind undertaken by a bank like the National City on an occasion like the present is not profitable in itself without having any regard to ulterior considerations. For example, take the \$12,000,000 cash which was stored in the vaults last Saturday. Suppose the bank had, instead, pressed this money on the market. Its action in doing so would have depressed the market rates for money perhaps ¼ p.c., perhaps ½ p.c. and perhaps more. So the bank would be forced to accept that much