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INDEX TO PRINCIPAL CONTENTS

THE GENERAL FINANCIAL SITUATION.

Outside competition developed for the Transvaal gold offered in London on Monday. The shipments amounted to $3,500,000. Germany secured $500,000; India, the same; and the balance was taken by the Bank of England. Bank rate is unchanged at 4 p.c. The extraordinary demand for money and credit, which is a feature of the year-end financing, is having some tendency to tighten the strings. In the London market call money is quoted 3½ to 3¾; short bills are 4 p.c.; and three months' bills, 3⅞ to 3 15-16. The Paris market is the same as a week ago—discounts being quoted at 3¼ p.c. Bank of France rate is unchanged at 3½ p.c. The Imperial Bank of Germany also adheres as yet to its 5 p.c. official rate. The Berlin market is very firm with discounts ruling at 4⅞ p.c. The German banks are still borrowing heavily abroad. Their requests for funds are addressed to New York and London. This week their offers of interest rose to 6¾ p.c., which rate they have offered to Chicago institutions as well as to the New York banks. The terms offered are so attractive as to induce a considerable investment of American funds in these German loans. Banks lending to Berlin this week have had to take the risk of losing on the exchange when the loans are repaid. The rates offered by the German banks for accommodation show that the year-end payments are occasioning much trouble at Berlin. In some quarters it is expected that the stringency there will last throughout January.

The New York money market is about the same as last week. Some additional keenness has been imparted to the borrowing demand as a result of the rising tendency of Wall Street stocks. Call loans are 4 p.c.; sixty day loans, 4 to 4¼; 90 days, 4 to 4¼ p.c.; and six months, 4 p.c. The relatively lower rate demanded for long term loans indicates that the market believes that the hardness now prevailing is but temporary. The clearing house institutions—banks and trust companies—effected a further increase of surplus, largely as a result of the cash gain of $8,800,000. The loan expansion was $12,900,000; and the surplus rose by $3,930,000 to $15,627,400. The gain in strength was more pronounced in the case of the banks alone because their cash gain was larger—$11,900,000, while the loan expansion was slightly less—$12,000,000. The surplus increased $6,316,500, and stands at $14,725,000.

In Wall Street, sentiment in general has become decidedly more hopeful over the business outlook and particularly over the outlook for the steel trade. It now appears that the sharp reductions in prices were just what the market needed to put it on a satisfactory basis. It is understood that on many of the contracts entered into in the past fortnight there is little or no profit for the steel plants. But the low prices removed the inertia of the big buyers and they are now eager to place contracts at rising prices. The extremely low prices ruling for cotton have had a depressing effect when studied from the stand-point of the cotton growers; but when they are taken in their relation to the cotton manufacturing industry in America and Europe and to the great mass of the consuming public, they do not appear to be at all discouraging.

Money rates in Canada have been steadily maintained. Call loans are quoted 5 to 5½ p.c. Several new issues of stock by important banks are expected almost at once. Among them are issues by the Royal, Merchants, and Hochelaga to amount to $3,500,000. As these will all be at substantial premiums the increase of proprietors' funds will approximate $7,000,000 to $8,000,000. The rise of the bank note circulation has played some part in inducing the banking institutions to increase the capital account. The increase of the Merchants Bank capital has an especial interest because it is the first issue of new stock by this bank in a period of nearly 20 years.