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Banking Insurance and Finance

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THE COURSE OF EXCHANGE.

On Tuesday the British Government offered £20,000,000 of new treasury bills in London. The issue was over-subscribed. Cables state that applicants who offered £99 2s. 11d. got 47 per cent. of their bids, and that applicants who offered above that price were allotted the full amount of their subscriptions. This applies to the 6 months' bills. Part of the issue was in 12 months' bills and in this case the applicants who bid £97 1s. 4d. received 94 per cent., and all who bid over that received the full amount. This successful outcome was to be expected in view of the great ease in the London money market. There is an over-supply of short-date money in evidence. Presumably the treasury bills now being put out will be retired from the installments yet to come in on account of the last war loan of £350,000,000 and from new loans to be floated in the coming fiscal year. Chancellor Lloyd George stated in London the other day that it had been decided not to issue a joint war loan of £800,000,000 (Great Britain, France, and Russia, all participating) as it was not sure that such a stupendous transaction could be carried through successfully, and if it were tried and proved a failure the consequences would be disastrous financially. However, the British and French Governments are quite able to get what money they need through issuing smaller loans from time to time and possibly there will be no announcement of any sensationally large transactions for the present.

NEW YORK EXCHANGE.

This week's news from New York has it that the Montreal Tramways and Power Company sold $5,000,000 three-year 5 per cent. notes to an American house, and that the City of Outremont sold $700,000 of the same kind of notes to another New York house. Thus Canada is managing to get quite a considerable amount of funds from the big American centre. It is said that other loans of this nature are being negotiated. In spite of the placing of these loans there has been little improvement in the quotations for New York funds. They have ruled as high as 3/4 per cent. premiums between banks and from 7/8 to 1 per cent. premium over the counter. This persistent premium shows that the demand for exchange on the neighboring country is strong and steady at all the big Canadian exchange points. It should be remembered that a new loan or sale of our securities in New York does not necessarily have an immediate effect on exchange rates. It may be part of the arrangement that the funds are to be placed at the disposal of our bankers in instalments spread over a considerable time; and again in some cases there might be an agreement to the effect that proceeds were to be used in part for the purchase of goods in the United States. In the latter case exchange between Canada and the States would not be greatly affected.

EFFECT OF CROP SHIPMENTS.

Another point is to be taken into consideration. The period from December to April is one in which our exports of grain necessarily fall to very low figures, owing to the heavy expense of bringing western wheat by the all-rail route from the Lake Superior terminals. Perhaps the extraordinary prices recently quoted for cash wheat and futures would have a tendency to cause some increase in the amount of rail shipments, but it will not be until May that there is any large volume of our bills of exchange against exports of farm produce available. It is well known that the farmers in western Canada and in Ontario held back a considerable amount of stuff last fall. All of them kept in mind the possibility that wheat would rise to extraordinary prices; and many of the agriculturists who produced large amounts held over a good part of their 1914 production. So we may expect that in the course of a few more weeks there will be a great deal more exchange on New York offering; and it is to be hoped that these bills together with the maturing installments of proceeds of loans placed in New York will suffice to break down the high premiums on American exchange.

THE MONEY MARKET.

Not much change has occurred in the home money markets. Call loans in Montreal and Toronto are 6 p.c. and commercial paper, as before, is 6 to 7 p.c. Call money in London is 1 p.c.; short bills are 1 1/2 p.c.; 3 months' bills, 1 1/2 p.c. Bank rate in London, Paris and Berlin, continues at the 5 per cent. level. The exchange position as between London and New York continues to be heavily against England. Quotations for demand sterling bills in New York, while they have recovered from the 4.79 level of a short time ago, are still in the neighborhood of 4.81. It is said that the bills drawn by American exporters against the Allied purchases of war materials continue to come forward in very large amounts, keep-