

# The Chronicle

## Banking, Insurance and Finance

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### THE GENERAL FINANCIAL SITUATION.

The Bank of England shared with India the \$3,500,000 of Cape gold arriving in London on Monday. Germany was not an effective competitor. Financial journals have been commenting on the monetary strain occasioned at Berlin by the quarterly settlements and some special financial transactions. The Imperial Bank of Germany reported a loss of some \$42,000,000 cash and heavy expansion of loans and of note circulation. It was

during the occurrence of this pressure that the Germans turned to London in order to secure gold. That the pressure at Berlin is now abated may be seen from the decline in the rate for discounts from  $3\frac{1}{2}$  to 2%. The official rate of the Bank of Germany is maintained at 4 p.c. In London call money in the market is quoted at  $2\frac{1}{2}$  to 3; short bills,  $2\frac{3}{8}$ ; three months bills,  $2\frac{3}{8}$  to  $2\frac{1}{2}$ . Bank rate is held at 3 p.c. Some experts evidently expect a reduction next week. The Bank of France adheres to its 3 p.c. official rate. Discounts in the Paris market are the same as a week ago, 2.5-16.

Rates in New York are on about last week's level. Call loans,  $2\frac{1}{4}$ ; sixty days,  $2\frac{1}{2}$ ; ninety days,  $2\frac{1}{4}$  to 3 p.c.; six months 3 to  $3\frac{1}{4}$ . From the foregoing exhibits it can be seen that at last the market rates of interest prevailing in the four great centres have nearly reached a common level. It is not often that there is so little difference between the quotations. So far as interest rates go, there is but little force or attraction now in operation to cause the movement of funds from one international centre to another. However, notwithstanding the comparative equilibrium of interest rates, the foreign exchange market in New York has been fairly active, and quotations showed some tendency to rise. It is said that the New York bankers drew freely on these London balances for the purpose of meeting the April dividend and coupon remittances.

The Saturday statement of the clearing house banks at New York revealed a cash loss of nearly \$6,000,000. And, as loans were reduced but \$3,000,000, a loss of surplus amounting to \$4,400,000 took place. The surplus then stood at \$26,397,600. Apparently the clearing house institutions transferred to the trust companies the duty of financing such new loan business as the week evolved, for the trust companies and non-member state banks reported a large expansion of loans—\$11,308,500. As this occurred along with a cash loss of \$546,000, these institutions underwent a loss of reserve strength. Their proportion of reserve to liability fell from 17.6 p.c. to 17.4 p.c.

Business men in the Republic are much interested in the new Congress which began its sittings at Washington on April 4th. This Congress will, of course, dispose of the much debated Canadian reciprocity agreement. It is expected also to undertake a downward revision of several schedules of the Payne-Aldrich tariff. But it is not supposed that a general assault upon the tariff schedules will now be attempted. That will probably be deferred till 1912 or 1913.

The Brazil coffee valorization scheme has been to the front during the past ten days. As most readers are aware this is a plan whereunder a powerful syndicate of international bankers in league