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INDEX TO PRINCIPAL CONTENTS

THE GENERAL FINANCIAL SITUATION.

Germany and India got the bulk of the gold offered in London on Monday. The Bank of England secured but $300,000, or one-tenth of the whole. Bank rate was left at 4½ p.c. It is to be noted that at all the important centres the tendency is again towards firmness as the end of the calendar year approaches. In the London market call money is 3; short bills, 3 7-16 ;three months' bills, 3 7-16 to 3½. These rates represent a slight advance upon those prevailing a week ago.

The Bank of France and the Bank of Germany make no change in their official rates—that of the former remains at 3 p.c. and that of the latter at 5. The Paris market has stiffened a little, discounts there being quoted fractionally higher at 2⅞. At Berlin the market is 4⅝. In the European markets generally the coming of the end of the calendar year has sometimes a marked tendency to tighten monetary conditions. Window dressing by the banks is more common than in America. In Canada, for example, the 31st December is nothing special as an opportunity for showing off strength. The banking institutions are accustomed to publish full details of their position at the end of every month. But in Europe there are many important institutions which publish no statements except at the year end and naturally it is supposed that they endeavour then to put their best foot forward, and to show a strong record of cash on hand.

In New York the tightening up remarked a week ago appears to be still in evidence. Call loans are 3¼ to 3½; and the rate for 60 day, 90 day and six months maturities is given at 4 p.c. In their Saturday statement, thanks to a continuation of their policy of tronsferring loans to outside institutions and to Europe, the New York banks were able to report a strengthening of their surplus. Loans decreased $8,390,000; cash increased, $1,700,000; and the surplus rose by $3,600,000 to $9,339,450. The trust companies and non-member state banks at the same time reported a loan expansion of $2,500,000 and a cash increase of $140,000. Their proportion of reserve to liability fell from 17.3 p.c. to 17.2 p.c.

Whenever an addition like the above is made to surplus under the conditions presently prevailing in New York it is necessary to bear in mind the remarks made in THE CHRONICLE last week and on previous occasions. There is good reason to suspect that the increase has been effected by artificial means and that it does not represent a real or actual strengthening of the bank position to the extent that the figures would indicate. Speculation in Wall Street has been reasonably quiet, and the money market has not lately been subject to any very remarkable demands from that quarter. Wall Street in some years indulges in the pleasant recreation of marking up its wares specially for Christmas and the end of the calendar year. If that policy is followed on the present occasion there is no reason to suppose that the movement will attain such proportions as to involve a strain upon the money market. Looking at the New York money market broadly there does not appear to be much prospect of a lasting relaxation of monetary conditions until the stretched out position of the country banks has been rectified and commodity prices established on a lower basis. The state of the iron and steel trade may indicate that both these happenings are in process of coming to pass in a natural and undisturbing manner.

No change of great consequence has occurred in the Canadian money markets. Call loans are still