The Chronicle

Banking, Insurance and Finance

Established 1881. Published Every Friday

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Guardian Building, Montreal.

Annual Subscription, $2.00. Single Copy, 10 cents

MONTREAL, FRIDAY, APRIL 22, 1910.

THE GENERAL FINANCIAL SITUATION.

India secured the bulk of new gold which arrived in London on Monday, $1,750,000. However, the Bank of England is now showing the effect of the New York shipments of last week. The official discount rate was left unchanged at 4 p.c. In the London market rates eased off somewhat on the announcement of fresh gold engagements in New York. Call money, 2½ to 3½; short bills, 3¾; three months bills, 3 13-16.

Rates on the Continent also have been maintained at about the same level. The Bank of France still quotes 3 p.c. as its official rate, and the Bank of Germany's rate is continued at 4. The Paris market is 2¼, and the Berlin market 3⅜. In discussing the movement of gold from New York to London the "Statist" expressed the opinion that it was a mistake for the London bankers to exact gold from New York at this time. It took the ground that in doing so they were laying London open to a heavy drain of gold to New York in the fall when the crops were to be financed. And it furthermore remarked that quite possibly the presence of the gold in the Bank of England vaults during the next month or two would lead to a lowering of interest rates in London and thus induce shipments of the metal to other foreign countries so that when the American demand appears in the autumn real stringency might be seen. This opinion seems to be well founded. Already interest rates in London are showing a tendency to weaken, and this week $2,500,000 gold has been engaged in London for Brazil. There can be little doubt as to New York's power to draw gold from Europe in the fall months, especially if the wheat and cotton crops are big. The Statist says it would have been better to lend money to the United States now and to keep a fairly high discount rate in London throughout the summer. And in that case London need not expect so heavy a demand from New York towards the close of the year and its stock of gold would have been better conserved through the working of the higher discount rates.

In New York call money and time loans both eased off notwithstanding the loss of gold. Call money 2¾ to 3 p.c.; 60 days, 3¾ to 4; 90 days, 4 to 4¼; six months, 4 to 4¼. The Saturday bank statement revealed one reason why interest declined. There was a heavy reduction of the loan account—$20,100,000—accompanied by a cash gain of $4,200,000, and the result was an increase of nearly $8,500,000 in the surplus. It now stands at $14,969,175. The trust companies and non-member state banks reported a loan reduction of $2,300,000 and a cash increase of $1,200,000. Possibly the return of dividend and coupon disbursements figured to a considerable extent in enabling the metropolitan banks to augment their cash. Also there is some movement of interior funds to New York in anticipation that higher rates will follow the gold exports. The quietness of speculation is another thing that has operated to keep interest rates in New York from rising rapidly. Announcement of the United States Government's suit against the cotton bulls' clique will have its effects in quieting the speculation in that commodity. And in wheat and stocks there is apparently little disposition to inaugurate aggressive bullish action. However, the gold engagements for London this week were quite heavy; and a continuation on that scale would quickly absorb the surplus funds of the market.

In the Dominion no change has occurred in the money situation. Call loans are still at the 5 p.c. level. We are getting capital at a rapid rate from abroad and the circumstance helps to keep our banks in funds. The demands on them promise to be quite important. Another increase of capital stock was announced this week. The Imperial is to issue $1,000,000 new stock at 200, each owner of five shares as at April 30, to have the right to take one share of new stock at that price. As 236 is bid for the old stock the rights are of substantial value. It is said that other important banks will emit new stock in the near future. In view of the double liability attached to the ownership of bank shares it is advisible that new creations should be of strong well managed institutions. It is said that the charter of one of the proposed new banks has expired and that the enterprise is now dead. The other one—The Bank of Vancouver—is to open its doors shortly.

Although there are a considerable number of Canadian enterprises which are apparently prospering satisfactorily, there is not much disposition evinced in the local stock markets to enter upon extensive speculative campaigns. To be sure some specialties are once in a while taken in hand and shoved up, but the more sober and conservative of the traders evidently think the problem of the